

World news

Business summary

Van Gogh Sunflowers sold for £24.7m

Vincent Van Gogh's celebrated masterpiece "The Sunflowers" was sold for a record £24.7m (\$39.8m) for a painting by the Dutch artist who committed suicide in 1890.

Two bidders battled for the canvas, with the final sale price breaking a previous record auction price of £8.1m for Manet's "Adoration of the Magi".

The unnamed Van Gogh was done in 1889, one of seven studies of sunflowers painted by the Dutch artist who committed suicide in 1890.

Shearson Lehman offering detailed

AMERICAN EXPRESS filed details of its public offering of an 18 per cent stake in Shearson Lehman Brothers, the third largest investment bank on Wall Street. Page 59

WALL STREET: The Dow Jones industrial average closed 57.39 down at 2,276.41. Page 52

LONDON: The weak dollar and Wall Street's heavy opening fall sent equity prices into their largest recorded index point fall. The FT-SE 100 index lost 48.1 to 2,202.5 and the FT Ordinary index closed 38.4 down at 1,562.2. Gilt closed over a point lower. Page 52

TOKYO: The yen's appreciation and the US decision to take trade measures against Japan caused prices to suffer their second largest fall in history. The Nikkei average lost 550.45 to 21,628. Page 52

DOLLAR closed in New York at DM 1.8000; SF 1.5015; FF 6.000; and Y148.22. It fell in London to Y148.35 (Y147.65); to DM 1.8045 (DM 1.8235); to SF 1.5060 (SF 1.5195); and to FF 6.01 (FF 6.0675). Page 45

STERLING closed in New York at \$1.6060. It rose in London to \$1.6105 (\$1.6030); but fell to DM 2.9950 (DM 2.9225); to FF 12.750 (FF 12.7250). The pound's exchange rate index fell 0.1 to 71.6. Page 45

GOLD rose \$7 to \$423.75 on the London bullion market. In Zurich it also rose to \$422.25 (\$417.25). Page 44

FINANCIAL CORPORATION of America (FCA), parent of American Savings and Loan Association, one of the biggest savings and loan in the US, has confirmed widespread rumours that it has been talking to possible buyers of the troubled firm. It refused to name the parties involved. Page 29

DEUTSCHE Bank, the largest bank in West Germany, is to pay a DM 5 (\$2.77) bonus to shareholders on top of a maintained DM 12 per share dividend, because of the sharp jump in 1986 profits resulting from the flotation of the former Flick industrial empire. Page 29

BASEF, the big West German chemicals group, reported a sharp drop in group profits for the whole of last year, but said that business was expected to develop satisfactorily in coming months. Page 29

ARBER, the Luxembourg-based steel producer, unveiled an expected decline in profits and sales and announced that it had reached agreement with the Government and the unions on major job cuts. Page 29

SAIPEM SpA, the Italian state oil, gas drilling and pipeline company, which is controlled by the ENI state energy concern, suffered a 22 per cent drop in its 1986 net profit to L51.6m (\$39.7m). Page 29

MANNESMANN, the big West German steel pipes and engineering group, won a three-month battle to take control of Fichtel & Seche, one of the country's biggest motor component groups, for an undisclosed sum. Page 29

SNIA BPD, the Italian fibres, munitions and chemicals group which is under the effective control of Fiat, recorded a decline in its 1986 net profit of 28 per cent to L68m (\$52.3m). Page 29

HUDSON'S Bay Co., the debt-burdened Canadian retail and property group, is to sell its wholesaling business to a private investment group as part of a strategy to concentrate on its department store and real estate interests. Page 30

LEGAL battle is likely over control of Ugo-Timerco Holding, a leading Swiss retail group, following the announcement that the Zurich-based Denner group now owns a majority shareholding. Page 30

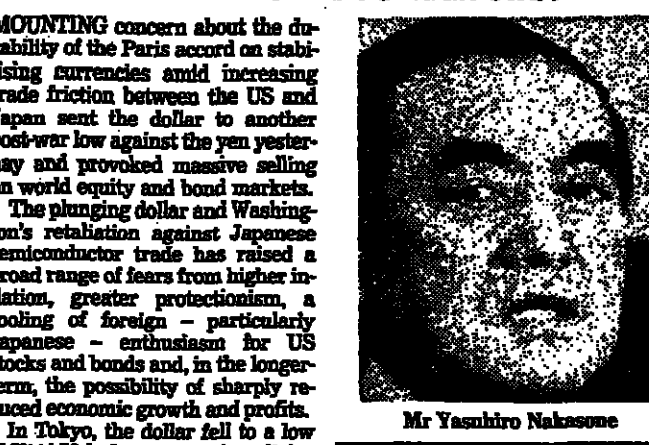
BRITISH Satellite Broadcasting, UK direct broadcasting by satellite franchise holder, is near completion of its first stage financing of £200m. Page 9

CAPACITY at the Round Mountain Mine in Nevada, the world's biggest heap-leach gold producer, is to be doubled at a cost of \$140m. Page 30

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World markets fall as trade tensions mount

BY OUR ECONOMICS AND FOREIGN STAFF



Mr Yasuhiro Nakasone

MOUNTING concern about the durability of the Paris accord on stabilising currencies amid increasing trade friction between the US and Japan sent the dollar to another post-war low against the yen yesterday and provoked massive selling on world equity and bond markets.

The plunging dollar and Washington's retaliation against Japanese semiconductor trade has raised a broad range of fears from higher inflation, greater protectionism, a cooling of foreign - particularly Japanese - enthusiasm for US stocks and bonds and, in the longer term, the possibility of sharply reduced economic growth and profits.

In Tokyo, the dollar fell to a low of Y144.70 before recovering slightly to close at Y148.20. The Bank of Japan bought an estimated \$2.5bn to \$3bn of dollars and a series of supportive statements were made by government leaders.

In a clear attempt to stabilise the dollar, Mr Kiichi Miyazawa, Japan's Finance Minister, yesterday announced there would be a meeting of the Group of Five leading industrial nations next Wednesday in Washington to discuss instability on foreign exchanges.

Other monetary officials from G5 nations were more reticent about whether the G5 will be meeting formally. However, as the five will be in Washington for the interim committee meeting of the International Monetary Fund, it seems likely that they will take the opportunity to meet, at least informally, before joining Canada and Italy for a G7 meeting.

Mr Miyazawa said that no major changes in Japan's economic fundamentals had occurred to justify the dollar's recent plunge. He added that he expected to see some change in the currency markets in early April, attributing the dollar's weakness now to selling before the end of the fiscal year today.

Trading in Europe and the US was quiet as dealers anticipated the kind of co-ordinated central bank intervention which was seen daily last week. This did not materialise.

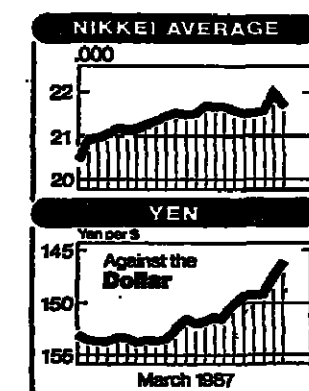
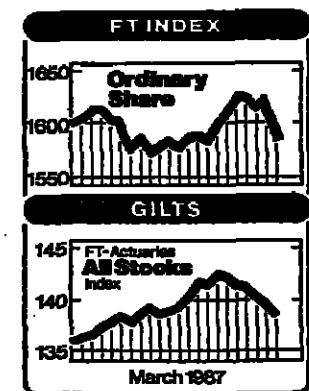
In London, the dollar ended yesterday at Y148.35 compared with Friday's closing Y147.85 and was also weaker against the D-Mark at DM 1.8045 after DM 1.8235.

The overriding fear in the foreign exchange market is that the US Administration is prepared to see the dollar fall further in order to put pressure on Japan not only to implement plans to boost its economy as quickly as possible but also to address critical trade issues with the US.

Share prices had tumbled in Tokyo in heavy volume and then the wave of selling hit London and New York.

London saw the largest daily fall recorded in equity market indices and losses of up to 1 1/2 points in UK Government bond prices as the falling dollar provoked fears of higher US interest rates.

Prices on the equity market had been marked down at the outset but then fell further as prices started collapsing on Wall Street. After



standing towards the end of the session, the FT-SE 100 index closed 48.1 down at 2,202.5, while the FT ordinary index finished 38.4 lower at 1,562.2.

The London market had already lost some of its shine as post-Budget opinion polls made a Conservative victory in the next general election less of a foregone conclusion.

Wall Street was hit by an avalanche of sell orders as trading opened, with pessimistic foreign investors in the thick of the action. Stock and bond prices plunged in the first hour before finding enough support to stage a partial recovery in mid morning.

Very few market analysts were prepared immediately to call yesterday's turmoil the start of a sharp setback after the spectacular rally equities had enjoyed so far this year.

Some analysts speculated that, in deciding to take the trade action against Japan, US officials had failed to take into account the danger of adverse reaction in financial markets.

Lex, Page 28; money markets, Page 41; markets, Page 52

Plain speaking from Thatcher and Gorbachev

BY PETER RIDDELL AND PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, and Mrs Margaret Thatcher, the UK Prime Minister, yesterday vigorously restated their contrasting approaches to arms control and human rights during nearly seven hours of talks and a two-hour banquet at the Kremlin, though in a spirit of openness intended to improve Soviet-British relations.

There was no attempt to play down differences reflected in the leaders' toughly-worded speeches. As expected there were no decisions and no communique.

Mr Gorbachev expressed caution about the prospects for removing medium range missiles from Europe while Mrs Thatcher, noting that this was a matter to be negotiated in Geneva, stressed the problem of the imbalance of shorter range nuclear missiles and the US desire for a right to match the large superiority of the Soviet Union in this area.

She also urged the US to offer reassurance about the timetable of its star wars research programme and the commitment not to withdraw from the anti-ballistic missile treaty in order to help the discussions on cuts in strategic weapons.

The marathon discussions yesterday appear to have been conducted in a personally friendly manner. A British official said both leaders spoke their minds without hostility. He said, "It is not just enjoy having a good argument." The talks went on so long that a plenary session with both countries' foreign secretaries had to be cancelled and Mrs Thatcher went on to dinner in the Kremlin without changing.

The more co-operative tone hoped for in Soviet-British relations will be marked today by the signing of four bilateral accords, including one on cultural exchanges of that-

France is considering expelling one or more Russian diplomats after implicating the Soviet embassy in Paris in the establishment of an industrial espionage network to gather data about the Airbus space rocket and other sensitive industries. Page 28

rical and pop music groups. One or two major trade deals may also be announced.

To the annoyance of some of her Soviet hosts Mrs Thatcher will today signal her concern with human rights by meeting among others Dr Andrei Sakharov, the leading Soviet scientist recently released from internal exile. She raised the issue of exit visas from the Soviet Union in yesterday's talks and Sir Geoffrey Howe, Foreign Secretary, separately provided a list of over 100 such cases.

At last night's banquet, however, Mrs Thatcher invited Mr Gorbachev and Mr Nikolai Ryzhkov, the Soviet Prime Minister, to visit Britain soon.

Mr Gorbachev, in a tough and pessimistic speech, strongly underlined Soviet concern about an agreement on removing medium-range nuclear missiles from Europe was becoming more and more complicated.

"What we see is a whole new package of additional conditions and demands being set before the Soviet Union concerning the problems of medium-range missiles," Mr Gorbachev said. "We see the Nato countries gradually slipping away from their own 'zero option' position."

In a reference to the visit of Mr George Shultz, the US Secretary of State, to Moscow in April 13 he

Continued on Page 28

Murdoch to pay \$300m for New York publisher

BY ANATOLE KALETSKY IN NEW YORK

HARPER & ROW, the New York publishing company which was put "in play" at the beginning of this month by a \$11m bid from Mr Theodore Cross, a private publisher and investor, is to be taken over for \$300m by Mr Rupert Murdoch's News Corporation.

News Corporation's offer of \$85 for each Harper & Row share has been unanimously recommended by Harper's board. Assuming that the acquisition is completed, it will make News Corporation one of the biggest international forces in book publishing.

As well as being the leading newspaper publisher in the English speaking world, and the fourth-largest US television broadcasting company, News Corporation currently owns a controlling stake in William Collins, one of the biggest book publishers in the UK.

News Corporation said that Collins might eventually acquire an equity stake in Harper & Row as part of this transaction and might "participate substantially" in Harper's management.

Both Harper and News stressed yesterday that the link with Collins, which had co-operated with Harper & Row on numerous international publishing ventures, was one of the major attractions of this deal.

The agreement with News Corporation comes after a rapidly escalating bidding war for Harper & Row which involved many of the world's leading publishing businesses.

Although the only publicly disclosed offer, apart from that by Mr Cross, was a \$220m bid by Harcourt Brace Jovanovich, Harper & Row said last week that "a considerable number of domestic and foreign firms" were in active discussions about a deal.

The News Corporation bid came as a surprise to most analysts. The potential suitors at the centre of market speculation had been Gulf & Western's Simon & Schuster subsidiary, Time Inc and Mr Robert Maxwell's Pergamon Press.

The high price being paid for Harper & Row, which had revenues of \$118.1m and earnings of only \$4.4m in the nine months to December 31 1986, seems to confirm the premium valuations being put on US publishing stocks since Berlinsk, the West German publisher, paid \$475m for Doubleday last year.

One of the biggest winners from the deal will be Mr Cross, a canny investor who has made a fortune through running and trading publishing companies. He had accumulated a stake of more than 6 per cent in Harper & Row at an average cost of well below half the \$85 a share News will be paying.

The Swedish Match takeover includes Wilkinson Sword's UK subsidiary, Bryant and May, and its Liverpool match plant with a 55 per cent market share, as well as Fiat Lux, the Brazilian subsidiary with 2,500 employees and a dominant position in the world's second fastest growing match market.

As part of the acquisition, Swedish Match also gains majority control of Lion Match, Wilkinson's South African subsidiary listed on the Johannesburg stock exchange with sales of SKR 450m and 2,000 employees.

The troubled Allegheny group of the US, which acquired control of Wilkinson Sword in 1980, is being forced to cut back its international operations and concentrate its business activities in North America.

The purchase price for Wilkinson Sword is \$230m, but the net payment from Swedish Match is \$180m after the settlement of payments between Wilkinson and Allegheny.

Background, Page 6

Swedish Match to buy Wilkinson

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SWEDISH MATCH, the Swedish conglomerate and the world's leading match manufacturer, is to acquire its closest rival Wilkinson Sword, the UK-based maker of matches and shaving products, from Allegheny International of the US, in a deal worth about \$180m.

The takeover will give Swedish Match control of more than 25 per cent of the world match market and around 85 per cent of the UK market.

Wilkinson Sword is the world's second largest producer of matches after Swedish Match, with production plants in 13 countries. It is also one of the world's leading producers of razors and razor blades and has

annual sales of more than SKR 2m (\$314m) and a workforce of some 8,000.

More than half of its sales come from matches, a third from shaving products and the remainder from household and garden tools.

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Life after death for Citroën 2CV

BY PAUL BETTS IN PARIS

AN EPOCH in the history of the French automobile industry came to an end yesterday with a decision to halt production of the Citroën 2CV in France next year.

Since its introduction in 1949, the car has become one of the most popular symbols of French life along with the beret Basque, the Gauloise cigarette and the baguette loaf.

Citroën, one of the two car divisions of the private Peugeot-Citroën group, has told unions it plans to close its old factory at Levallois in Paris where the 2CV is made some-

time during the first half of next year.

The company was quick to stress, however, that the closure of Levallois, which dates back to 1893, did not imply the death of the 2CV. An official confirmed that the popular small car, affectionately referred to as a sardine can because of its shape, would continue to be built at Manguette in Portugal. Mr Jacques Calvet, Peugeot chairman, has also remarked on numerous occasions that the 2CV "is immortal".

Continued on Page 28



AIR PARIS
AIR BIARRITZ
AIR NANTES
AIR STRASBOURG
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Bookings 28 June-26 September
Showers 28 June-26 September

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PORTRAIT OF AN ECONOMY UNDER SIEGE

Amin Gemayel has presided over a precipitous depreciation of the Lebanese pound, reflecting the difficulty of solving the country's problems. Page 3

China aviation chief bypassed on Cathay stake

BY ROBERT THOMSON IN BEIJING

MR HU YIZHOU, China's aviation chief, yesterday made the admission that he was not consulted by the state-run China International Trust and Investment Corporation (Citic) before it took a stake in Cathay Pacific Airways that had been interpreted as Peking's backing for Cathay as Hong Kong's flag carrier.

Mr Hu, Director General of the Civil Aviation Administration of China (CAAC), said of the 12.5 per cent stake, worth \$250m, taken by Citic in late January: "I only heard about this by reading the newspapers. Of course, when I read the news, I said to the Citic people that this is really quite a surprise."

The stake was taken by Citic (Hong Kong), a subsidiary of the Peking-based investment body, after less than a week of negotiations with Swire Pacific, Cathay's parent. Swire officials noted at the time that "we have done this deal pretty rapidly."

Too rapidly, it seems, for Citic, which has wide-ranging powers under its government brief, to have consulted the country's most powerful civil aviation official. Mr Hu told the Financial Times that Citic officials had explained later that they could not tell him about the deal because it was "confidential commercial business" and that "if we disclose this before, then we have to spend more buying these shares."

Mr Hu said the purchase was a "purely commercial action," but made clear that he expects to be consulted by Citic before future dealings in Cathay shares. "They

would come to me to seek some information and advice, or to find out whether this airline is doing okay or whether they would want to end it (the investment)."

Mr Peter Sui, Cathay Pacific's managing director, was extremely surprised yesterday by Mr Hu's statements.

"Bearing in mind that we were talking about a major investment in foreign currency, it is inconceivable that such an arrangement could have gone ahead without central approval. It would be impossible for a state organ to go ahead with a deal like this without the approval of other concerned state organs," he said.

The Cathay purchase is by far Citic's largest investment and its most unusual, as it has generally focused on buying resources needed for China's modernisation drive. It has bought into the US timber industry in Washington State and last year took a 10 per cent, \$70m stake in an aluminium smelter in Victoria, Australia.

Diplomats in Peking and the Hong Kong business community had interpreted the Cathay purchase as a show of Peking's support for the airline as the de facto Hong Kong flag carrier in the lead up to the Chinese resumption of control over Hong Kong in 1997.

Mr Michael Miles, Swire's chairman, said then that the Citic relationship "is a key one, recognising the political realities, and the long-term future of the airline."

High yen hits output of industry in Japan

JAPAN'S MINING and manufacturing output rose a marginal 0.3 per cent in February from January, Ian Rodger reports from Tokyo.

The Ministry of International Trade and Industry (MITI) said the seasonally-adjusted figure showed that industrial activity remained sluggish in the country because of the impact of the high yen. Only the electric machinery and metal industries sectors showed production increases in February.

Extending seasonal factors, output was up 0.6 per cent. The output index stood at 122.7 at the end of February compared with a 1980 base of 100. MITI has forecast an increase of 3.2 per cent in output for March, but a 3.4 per cent decline in April.

Terry Waite move

HOPES of fresh news about the missing church envoy Mr Terry Waite suffered another blow yesterday, after the Lebanese Druse leader Mr Walid Jumblatt spent 24 hours with Foreign Office officials in London—but was unable to confirm whether Mr Waite was alive or dead.

The Foreign Office said Mr Jumblatt had promised to try to find Mr Waite and other hostages, and secure their release.

Tony Walker, recently in Beirut, reports on the collapsing pound Lebanon sinks into economic despair

THE VIRTUAL collapse of Lebanon's pound is a near-perfect index of the country's misery 12 years after the outbreak of the civil war. The pound depreciated 380 per cent in the past year against the dollar, reflecting almost total despair among Lebanese at prospects of an early end to hostilities.

Even the Syrian military intervention which brought relative calm to West Beirut failed to restore confidence in the battered local currency. The pound appreciated briefly last month before sinking back to its present level of more than L£100 to the dollar.

The Lebanese pound's rapid depreciation has helped fuel an alarming surge in prices. Prices rose more than 100 per cent last year, according to some estimates. Lebanon depends on imports for 80 per cent of its food-stuffs.

The inflationary spiral is playing havoc with businesses, household budgets and the Government's ability to protect the living standards of citizens.

An informal indexation is operating in Lebanon but there is no formal mechanism to provide a cushion against inflation's worst ravages. A recent 40 per cent pay increase for government workers made little impact on the problem, merely adding to the budget deficit. People complain that fruit and vegetables are 10 times more expensive than they were

PALESTINIANS in the beleaguered Chatila camp in Beirut's southern suburbs are on the brink of running out of food, a Canadian surgeon working in the camp said yesterday, Andrew Gowers writes.

Dr Chris Giannou—speaking on a radio link-up—said the situation in Chatila, which has been intermittently under siege by Shia Amal

militiamen and the Lebanese army since the end of 1985, has deteriorated to the extent that its 3,200 inhabitants may now be worse off than those in Kourj al-Barajneh, the other large Palestinian camp in Beirut.

"The siege of Chatila has been complete," he said. "We have had only three lorry-loads of supplies in the past six weeks, and the last of

those, 10 days ago, was fired on." Since the latest upsurge in the "camp war"—in which an alliance of Lebanese militias has been trying to prevent the re-establishment of any Palestinian fighting forces in Beirut—began last November, 105 inhabitants of the camp have died, and a total of 580 have been wounded.

A staple item such as lentils has rocketed from L£5 per kilo to L£82 a kilo in a year.

The middle class are selling hand, cars, furniture and jewellery in an effort to survive. Basic health care is proving beyond the means of many Lebanese. A rudimentary government health insurance programme pays just L£400 (US\$4) towards an operation that is likely to cost hundreds of dollars.

The pound crisis has led to an increase in robberies and muggings. A Shia woman from West Beirut said there were even cases of food muggings by people desperate to feed their families.

Lebanese, who have managed to survive years of turmoil, are finding the economic crisis a bitter experience. Many, including members of a once well-to-do middle class, are living below the poverty line. There are reports of well-

value of the pound. The bank intervened in the market late last year, outlaying \$500m, about half Lebanon's foreign exchange reserves, in an effort to stop the pound's depreciation. The measure failed.

Lebanon's gold reserves of 9.2m troy ounces valued at between \$3.5bn-\$4bn are showing up the pound against total collapse. About 60 per cent of the reserves are held at the central bank in West Beirut, the rest at Fort Knox in the US. Lebanon's foreign debt totals a modest \$375m.

Political disagreements are preventing the gold from being converted to interest-bearing foreign currency deposits to help the Government through its economic crisis.

Lebanese industry, which for about 20 per cent of Lebanon's economy, is the one sector to have benefited from the depreciation of the currency. It is highly competitive and this is reflected in its strong export performance in the past year.

Another consequence of the chaos in Lebanon is that little new investment is entering the country. Bankers estimate that \$12bn-\$16bn is deposited in Lebanese banks abroad.

Bankers, businessmen and officials in Beirut see little prospect of an improvement in the economy, however, in the absence of a political settlement. Prospects are for increasing budget deficits and further pressure on the pound.

Britain 'wants Brunei in five-power defence pact'

BY WONG SULONG IN KUALA LUMPUR

BRITAIN would like Brunei to join the five power defence arrangement, Mr George Younger, the British Secretary of State for Defence, said in Kuala Lumpur yesterday.

His statement coincided with the official visit to Brunei by Dr Mahatir Mohamad, Malaysia's Prime Minister.

Brunei's participation in the five-power defence pact is seen

as a second protective shield for the oil-rich sultanate.

The first "shield" is the Sultanate's membership of the Association of South-East Asian Nations (Asean).

The five-power defence arrangement links Malaysia and Singapore in a loose defence tie-up with Britain, Australia and New Zealand.

SENEGAL: AUSTERITY TO GROWTH IMF's model pupil seeks recovery aid

BY NIM CASWELL, RECENTLY IN DAKAR

ONE OF the International Monetary Fund's model clients in Africa will today be asking aid donors to back a recovery programme designed to lead from austerity to growth.

At a two-day donor conference opening in Paris, chaired by the World Bank, the Government of Senegal will present a funding request of \$600m (\$425m) a year over a planned period ending in 1992.

Senegal's capital, Dakar, with its Atlantic port and elegant colonial architecture, was once the centre from which the whole of French West Africa was administered.

The city is looking distinctly shabby now, its population swollen by peasants displaced by successive Sahelian droughts.

Despite the relatively developed infrastructure and manufacturing base inherited on independence in 1960, the economy remains dependent on a few primary exports—groundnuts, fish, cotton and phosphates.

Agriculture still accounts for close to 20 per cent of GDP and more than two-thirds of Senegal's 7m people are rural-based. Living standards are low, with GDP estimated at CFAfr195,000 (about £400) per head in 1986.

In common with many of its neighbours, Senegal has spent most of the 1980s under intense care from the World Bank and the IMF, implementing a classic combination of budgetary austerity, trade liberalisation and demand restraint in order to bring budgetary deficits under control.

The results, in terms of the Fund's "magic indicators" at least, have been impressive. Public expenditure has been slashed from 32 per cent of GDP in 1980-81 to 21 per cent in 1985-86, and net government borrowing from 11.5 per cent to 2.1 per cent of GDP over the same period.

The balance of payments current account deficit, excluding public transfers, meanwhile fell from 25.8 per cent of GDP in 1981 to an estimated 11.4 per

cent in 1986. Such indicators have gained Senegal the status of model pupil of the IMF.

With the help of some judicious juggling and aid disbursements, all the Fund's performance criteria under the latest stand-by and structural adjustment facilities were met at the end of December.

A new World Bank structural adjustment loan to replace that agreed in February last year, which was disbursed in record time, should go before the Bank board in May.

A new round of debt rescheduling—Senegal's fifth—was also agreed in principle by the "Paris Club" at the beginning of December, and bilateral negotiations are nearly complete.

That places Senegal further along the road to economic reform than almost any other African country and makes it likely that aid donors will come up with the bulk of the funds the government is seeking.

What is less clear is whether the adjustment programme can now shift gear from austerity to expansion and attain even the modest 3.5 per cent annual growth rate targeted for 1987-89.

GDP growth in 1985 and 1986 is estimated at 3.8 and 4.8 per cent respectively. But although these figures mark a distinct improvement on what went before, they mainly reflect agricultural recovery from drought rather than the beginnings of a sustained recovery.

A new industrial policy announced in early 1986 has already reduced protection of local industries, with revisions to import tariffs last July and a phased elimination of quantitative restrictions on imports of locally produced goods at present under way.

Of more immediate concern, there are those in Dakar who are wondering just how much more austerity Senegal's traditionally tolerant political system can stand.

But officials privately doubt whether there is any realistic prospect of meeting external debt obligations without indefinite rescheduling.

HK to act on refugees

BY DAVID DODWELL IN HONG KONG

THE Hong Kong Government plans to screen Vietnamese boat people arriving in Hong Kong waters in future. Those found to have left for economic reasons will be returned to Vietnam, according to Mr David Jefferies, Hong Kong's Secretary for Security.

The screening proposal,

which has to go before the British Government for final approval, comes at a time of increasing anxiety over the prospect of finding homes in the West for the 8,000 refugees at present filling camps in Hong Kong. Mr Jefferies said yesterday that their prospects of resettlement were "not very bright."

If you didn't find the headline a little daunting, we're off to a good start.

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We seek out and help those with the determination to help themselves and we're happy to say it's working.

and the bringing together of all available resources.

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WE CAN BOAST VERY FEW GRATEFUL CLIENTS

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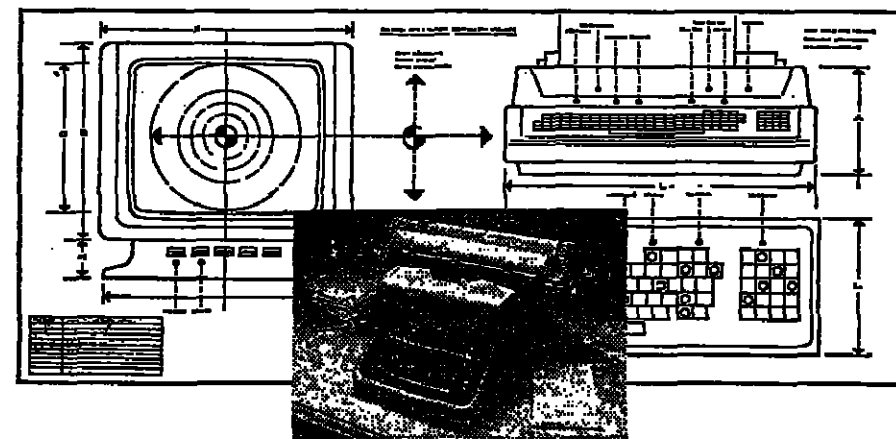
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AMERICAN NEWS

Ecuador to receive oil loan from Venezuela

BY JOE MANN IN CARACAS

VENEZUELA will loan Ecuador 7.5m barrels of oil until the end of July to help the Quito Government maintain petroleum exports following earthquake damage to its oil production installations.

These new oil shipments will be in addition to the 5m barrels of oil Venezuela has already begun sending to Ecuador in order to meet the country's domestic energy needs.

The announcement of the new loan was made by Mr Arturo Hernandez Grisanti, Venezuela's Minister of Energy and Mines. Venezuela was one of the first countries to aid Ecuador after recent earthquakes damaged the country's oil production facilities and its main pipeline, making it impossible to supply domestic energy needs or continue despatching exports.

Assistance from Venezuela will allow Ecuador to continue obtaining some foreign currency revenues from oil exports.

However, Venezuela will not be able to supply oil to meet all of Ecuador's domestic and foreign commitments. Venezuela's state oil company, PDVSA, does not produce all crude types required by Ecuador's foreign clients, and more important, does not have surplus capacity to produce all the oil Ecuador needs.

According to industry reports, Venezuela is buying substantial volumes of crude oil on an international market in order to meet its own commitments overseas, especially for shipments to the refinery it leases on Curacao and to the Citgo petroleum refinery in the southern US, where it is a partner.

Venezuela's crude production capacity is considerably higher than its current actual output. But this excess capacity is made up of heavy crude oils, while PDVSA needs more light and medium weight crudes for its export clients and joint ventures overseas.

Mr Javier Espinosa Jerez, Ecuador's Minister of Energy and Mines, said during a visit to Caracas that his country's state oil company, CEPE, expected its oil production and shipments to be resumed on August 1.

He also said that Ecuador would begin paying back Venezuela's 5m barrel portion over a six month period (at a rate of about 65,000 barrels per day), while the 7.5m portion would be returned over a longer period.

US faces bill of \$2.8bn to destroy chemical weapons

THE US Army believes it will cost as much as \$2.8bn to destroy thousands of tons of obsolete chemical weapons, a program ordered by Congress as part of the battle over whether to build new US gas weapons. AP reports from Washington.

The most recent cost figures were sent to Congress last week as a congressional committee prepared to begin writing a Pentagon budget for the fiscal year starting October 1.

A change that could be made is the current 1994 deadline set by Congress last autumn for the army to dispose of all the weapons. The service admits it will be difficult meeting this target.

No US chemical weapons have been built since 1969, when President Richard Nixon ordered a halt to the programme. But when President Ronald Reagan took office six years ago, he sought to restart the US chemical production because he said it was needed to offset a growing Soviet gas arsenal.

Congress finally approved its request two years ago after a long and controversial fight, but also decided to eliminate the current stockpile following reports the weapons were aging, obsolete and sometimes dangerous. Some of the weapons date to World War II.

Mr Phil Soucy, the service has thousands of tons of gas weapons. The exact amount is classified, though published estimates have put it at about 30,000 tons. The army says it will cost between \$2bn and \$2.8bn to destroy the stockpiles.

The US arsenal basically has three types of chemicals: Mustard Gas, which first was used during World War I; the short-lived nerve agent GB; and the longer-lasting nerve gas known as VX. Mustard Gas attacks the lungs, while nerve gases attack the central nervous system after being absorbed through the skin.

When the chemical arsenal was created, there were few concerns about how to get rid of it during a time when toxic leaks were little cause for concern.

"When this stuff was first made, if you'd ask the army how they would destroy it, I think they would have said bury it," Mr Soucy said.

The weapons are stored at eight army sites in the continental US, along with another on Johnston Atoll, a deserted Pacific island south of Hawaii.

Scientific studies have shown the best way to destroy chemical weapons is by burning them in a closed container, according to Mr Soucy, and three different incineration plans are under consideration.

Oil price rise boosts Mexican trade surplus

By Our Mexico City Correspondent

MEXICO POSTED A \$1.5bn (\$264m) trade surplus in January and February, 120 per cent up on the first two months of last year and equal to the Government's forecast trade surplus for the whole of this year, according to preliminary figures released by the Planning Ministry.

This remarkable performance reflects the higher price of oil—Mexico's main export—over the past three months, and the continuing dynamism of non-oil exports, and a further contraction in imports from a low level of economic activity. Mexico's economy contracted last year by 3.5 per cent of GDP.

It is therefore neither likely nor desirable that monthly surpluses will continue at this level, once the Government's phased recovery gets under way in the second quarter, financed by new foreign credit of \$7bn-\$8bn that will now begin flowing in.

Total oil exports for the two months were \$1.35bn, up 6 per cent on the same period last year, but non-oil exports were worth \$1.85bn, up 19.5 per cent on January-February 1986, with a 42 per cent rise in exports of manufactures, the highest development in the Mexican economy. In November, non-oil exports of the country's import bill for the first time.

Total exports for January and February were \$3.2bn (up 13.4 per cent) against imports of \$1.7bn, down 21 per cent on the same months in 1986, when import levels were already depressed as the fall in oil prices began turning into a collapse.

The Government forecast an overall budget surplus of \$1.5bn, but present trends suggest it may exceed last year's of \$4.27bn.

The Government forecast an average oil price of \$12 a barrel in the budget against the current average price for Mexican oil of \$18.50. This would have given non-oil revenues of \$5.7bn and a \$1bn rise in non-oil exports to \$10bn. Imports were forecast to reach \$14.7bn. The budget surplus in 1986 was \$1.4bn compared to a record surplus in 1984 of \$1.5bn.

Bankers attack Senate financial services bill

BY WILLIAM HALL IN NEW YORK

THE US Senate's final version of a controversial financial services bill which imposes a one-year moratorium on the granting of expanded securities powers to US commercial banks was attacked yesterday by US and foreign bankers.

The Consumer Bankers Association, which represents retail banks, savings and loans and credit unions, said it was "deeply disappointed" with the passage, the Competitive Equality Banking Act, The Institute of Foreign Bankers said it was "strongly opposed" to certain provisions in the proposed legislation which appear to curb the activities of some of its 230 foreign bank members.

The proposed legislation, which was passed by a 79-21 vote in the Senate late last week, covers several issues including the \$7.5bn recapitalisation of the Federal Savings and Loan Insurance Corporation (FSLIC) and the so-called regulatory bill designed to strengthen the powers available to Federal banking officials in dealing with US banks which run into trouble.

Both these measures have wide support within various factions of the financial community. However, the question of giving commercial banks greater powers to engage in the securities business, emerged as the most controversial issue in the debate on the proposed Senate legislation.

A key element concerning a ban on the extension of securities powers to commercial banks, was modified in the face of fierce criticism. Under the latest legislation, banks are prohibited from engaging in any new securities, insurance or real estate activities that the Federal Reserve might approve until March 1, 1988.

However, the Senate indicated that it was not the intent to extend this moratorium beyond March 1, 1988. The Consumer Bankers Association argues that if the bill survives in its present form it should be vetoed by President Reagan.

The Institute of Foreign Bankers said yesterday it was strongly opposed to two provisions which appear to prevent expansion by foreign bank securities affiliates, whose activities had been "grandfathered" under the 1978 International Banking Act. It requested another provision which appears to prevent foreign banks from buying foreign non-financial businesses if the company has interests in the US.

Mr Lawrence Uhrick, the executive director of the New York-based Institute of Foreign Bankers, said yesterday the problems could be resolved in the conference between the Senate and House of Representatives banking committees.

Workers vote to end strike at GM truck complex

CAR workers agreed to a settlement over a contract dispute with General Motors yesterday, ending a four-day strike at the company's truck and bus complex, Reuters reports from Pontiac, Michigan.

A United Auto Workers official said members had agreed to a settlement that provided for a \$1.5m payment to workers by General Motors for an alleged violation of a 1984 contract and for the rehiring of about 20 workers who were made redundant when their jobs went to subcontractors.

Some 9,000 workers walked off their jobs at the bus and truck plant on Thursday, but voted overwhelmingly by 1,314 to 25 to accept the settlement. Workers alleged that the company had violated their contract by assigning work traditionally done by the union to outside companies and violated contract provisions on health and safety issues, work rules, seniority and job classifications.

Alleged US spy urged 'to lie'

SERGEANT Clayton Lonetree, a Marine embassy guard accused of spying for the Soviet Union in Moscow, gave conflicting accounts of his role in three interviews with investigators, Reuters reports from New York.

A report in the New York Times cited 23 pages of declassified memoranda from investigators, made available by Sergeant Lonetree's lawyer Mr William Kunstler.

The lawyer said one agent of the Naval Investigative Service admitted at a preliminary proceeding that he had urged Sergeant Lonetree "to just tell us something—tell us a lie."

The paper quoted Mr Kunstler as saying: "Here's a kid in the Marines

who's never been out of the US. Suddenly he's in Moscow and Vienna and I think he created a fantasy world."

In the memoranda, Sergeant Lonetree described how his work with a Soviet woman who worked at the US embassy in Moscow led him into espionage involving her purported uncle "Sasha," the newspaper said.

Haitian poll shows strong backing for constitution

HAITIANS have voted overwhelmingly for a new constitution which includes a clause banning supporters of former dictators Francois and Jean-Claude Duvalier from holding office for 10 years, according to first results, Reuters reports from Port-au-Prince.

The Ministry of Information said yesterday that of votes counted from 215 of Haiti's 1,496 polling stations, 99.81 per cent had been in favour of the constitution.

The military-civilian National Council of Government has ruled Haiti without a constitution since Mr Jean-Claude Duvalier, son of Francois, fled the country on February 7 last year after thousands of people took to the streets in riots against him.

The Ministry said the 394,953 votes counted nationwide represent 12.9 per cent of eligible voters. Up to 50 per cent of the electorate is expected to have voted nationwide once all the returns are counted.

Voters said the anti-Duvalier clause was the most important in influencing their vote, and Mr Bob White, a former US ambassador heading an independent observation team said: "We are seeing a massive vote against the past."

Only one violent incident was reported when a gunman in the provincial city of Jeremie tried to prevent people from voting, according to a Haitian radio report.

The low turnout was widely blamed on government failure to explain the issues.

Mexican left-wing parties unite

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S two major parties of the left, the Unified Socialist Party (PSUM) and the Mexican Workers' Party (PMT), and three smaller groups have combined to create the Mexican Socialist Party (PMS).

Leaving aside three self-proclaimed left wing parties of the ruling Institutional Revolutionary Party (PRI), the re-unification leaves only one significant force, the Trotskyist Revolutionary Workers Party (RWP), and opens up the possibility that the left may now play a relevant role in national politics.

The left has been largely incapable of capitalising on the discontent caused by the economic crisis that opened

with Mexico's financial collapse in 1982. For the past five years the left wing National Action Party (PAN) has instead picked up a growing, mainly middle class protest vote.

But beyond little pockets of influence in the depressed south east, the left has not really squeezed the PRI which, though traditionally all-embracing ideologically, has lost the confidence of a majority of Mexicans, whose it continues to alienate by rigging elections.

The left's major problem has been that it has produced dozens of splinter groups rather than mainstream parties. It has also found it difficult to establish a voice clearly distinct from the formerly left-wing programme of the PRI.

The ruling party's rhetoric has fostered wide-spread cynicism about the prospects of progress for the majority, while its near total power has simultaneously driven home to all that what social and economic advance does take place is available only through official channels. A village needing a new water well would be unable to seek it through the left wing opposition.

Mexico was home to one of the first modern social revolutions in 1910-17. But in the seven decades since then the country has been dominated by the PRI. During that period the left-wing has spawned several dozen parties and groups.

WORLD TRADE NEWS

Nigeria plans notes issue for trade creditors

BY MICHAEL HOLMAN, AFRICA EDITOR

NIGERIA plans to issue \$1.5bn (\$938m) worth of promissory notes on April 7 in part payment of uninsured trading arrears accumulated in the early 1980s, it was announced yesterday.

It will bring the value of notes issued to around \$3bn, but traders are thought to be claiming a further \$2bn to \$3bn, a figure which is disputed by the Nigerian authorities.

The announcement, by the Law Debenture Trust, which is the trustee for the holders of some \$1.5bn worth of notes already issued, is seen by creditors as an important step towards the resolution of a complex problem, which goes back to the early 1980s, when Nigeria's oil revenue started to fall and arrears in trade payments, both insured and uninsured, mounted.

The Nigerian Government attempted to resolve the problem of uninsured trade arrears by issuing promissory notes carrying interest at 1 per cent over Libor (London Interbank Offered Rate), with maturities of six years and a grace period of two-and-a-half years. The principal was due to be repaid in 14 equal instalments.

However, shortly before the first instalment was due, the Nigerian central bank told noteholders last October that it was unable to make the payment. The bank said it would call a meeting of noteholders to negotiate the new terms, but in the meantime also failed to make an interest pay-

ment on the notes which fell due on January 5.

This meeting has yet to take place, but yesterday's announcement said that the central bank planned to hold it at "an early date." The meeting will include the holders of the new notes to be issued on April 7.

The Law Debenture Corporation said yesterday that it had appointed Mr David Morrison as the financial adviser representing the interests of the noteholders in the forthcoming discussions. Mr Morrison, an experienced international banker, is currently chairman and director of both Masse Westpac Limited and Hutchinson Whampoa companies in the stable of Mr Li Ka-Shing, the property magnate.

Mr Elliott said the agreement between Mr Gordon Wu, Hopewell's managing director, and two Jardine directors, Mr Henry Kewick and Mr Robert Kwok.

The development comes in the wake of a row between the two companies resulting from the leak of an internal Jardine memo to the local press.

The memo, from Mr Martin Barrow, Jardine's managing director, to Mr Kewick, the group's former chairman, said the Government had doubts about Hopewell's ability to pull the project off, and that Jardine would be considered a more suitable partner.

Mr Elliott responded by saying Jardine was "jealous" because Hopewell has come along with an airport proposal which is supported by the Chinese authorities and the local business community.

Mr Wu has said the consortium will raise HK\$550m, with the Hongkong and Shanghai Bank and Citibank providing loans for the remainder. Mr Wu said Hopewell and Cheung Kong would each contribute 20 per cent of capital. Jardine's 5 per cent stake would amount to HK\$250m.

The Hong Kong Government's response to the project was initially lukewarm, but in February a team of top officials met with representatives of the consortium for discussions.

The Government jettisoned similar plans for an airport in 1982 because it was considered too expensive.

Jardine backing for Hong Kong airport

By Kevin Hamlin in Hong Kong

JARDINE MATHESON Holdings, Hong Kong's oldest trading house, has said it is ready to contribute 5 per cent of the capital to a private consortium led by Hopewell Holdings, the property group, to develop a new airport west of Hong Kong, according to Hopewell's executive director, Mr Stewart Elliott.

The HK\$250m (\$23m) project proposes an airport on one of four sites and envisages port facilities, an underground railway and highways linking it to Hong Kong Island, the Kowloon Peninsula and China. The consortium is also backed by Cheung Kong Holdings and Hutchison Whampoa companies in the stable of Mr Li Ka-Shing, the property magnate.

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Colina MacDougall reports on growing economic contact Moscow and China expand ties

SHANGHAI YARD WINS ORDER

The China State Shipbuilding Corporation has signed contracts to build two 6,500 deadweight reefers each for C. F. Ahrenkiel of West Germany and the Cyprus-based Columbia Shipmanagement.

Each vessel will cost about \$10m (\$8.5m).

A spokesman said the two buyers each have options for two additional ships of the same type which can be exercised by September.

The four ordered vessels will be built by the Shanghai Shipyard, which is owned by China State Shipbuilding, and will be delivered in 1989.

electric power generation. The power shortfall last year was officially estimated at 14,000 mw of capacity and the need for power is growing.

This area is so vast that Japan, Europe, the US and the Soviet bloc could all expect to have sizeable contracts. Indeed all, including the Soviet Union are now doing so.

Last autumn Soviet officials signed a deal for 10 sets of 210 Mw generating units at almost \$500m to be installed in four Chinese power plants. This was part of a much bigger deal

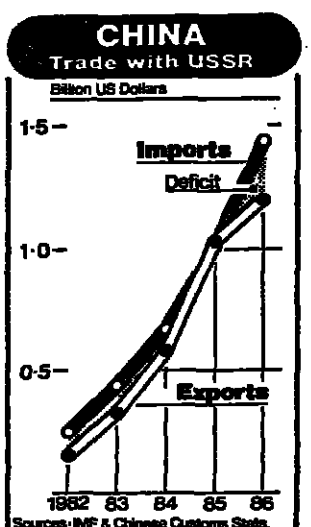
CHINA Trade with USSR

Imports

Exports

1982 83 84 85 86

Source: IMF & Chinese Customs Statistics



for 6,800 Mw of equipment which China will buy before 1990. A 1,000 Mw power plant at Yimling in north-western China has already been agreed.

The basis for trade growth has been the \$14bn five-year trade agreement signed in 1985. A co-operation agreement was also signed under which the Soviets were to build seven plants in China and modernise another 17 built with Soviet aid in the 1950s.

The bread and butter of the trade is a Chinese swap of agri-

Japanese shipbuilders to cut capacity

By Yoko Shibata in Tokyo

JAPAN'S shipbuilders have received permission from the country's Fair Trade Commission to form a cartel to cut production.

The shipbuilding companies have been hit by the steep appreciation of the yen and difficult international and domestic markets.

The cartel, which will be effective for one year from April this year, will allow the 33 companies accounting for the bulk of Japanese shipbuilding to reduce or mothball capacity by 25 per cent.

The aim is to cut annual output to 1985 levels, or 9.8m CGT, less than one-third of the 1973-75 peak of 9.8m CGT.

Around 35 per cent of shipbuilding capacity was disposed of in the first 1979-82 recession cartel.

This reduction in capacity, however, provides insufficient and, under guidelines set by the Transport Ministry, output for the 33 shipyards was set at a ceiling of 4.1m CGT for fiscal 1985 and 4m CGT for fiscal 1986 ending this month.

Demand for new vessels in fiscal 1987 which begins next month is expected to fall to about 3m CGT and so the industry decided to form a recession cartel to reduce production by some 25 per cent.

Shipbuilding output by the 33 companies accounted for 82.2 per cent of the industry's total in fiscal 1985.

R-R to build Perth plant

ROLLS-ROYCE is to spend up to A\$15m (\$5.5m) on a new factory in Perth, Western Australia, to build jet engine turbine blades, in a joint venture with three Australian companies.

These are Clough Engineering, Circuit Technology Holdings and Westtech Innovation Corporation. Rolls-Royce will have 50 per cent of the venture.

The venture is part of an offset deal with the Australian Government following the purchase by Qantas of the Australian flag airline, the Australian Airlines, for its Boeing 747 Jumbo jets.

The project, however, is meeting opposition from some quarters in the Dominican Republic, because of fears that the country could become too dependent on Puerto Rico for a significant part of its electricity needs.

Mr Hernandez Colon also said that Puerto Rico, which has surplus electricity, was

planning to sell power to the neighbouring Dominican Republic.

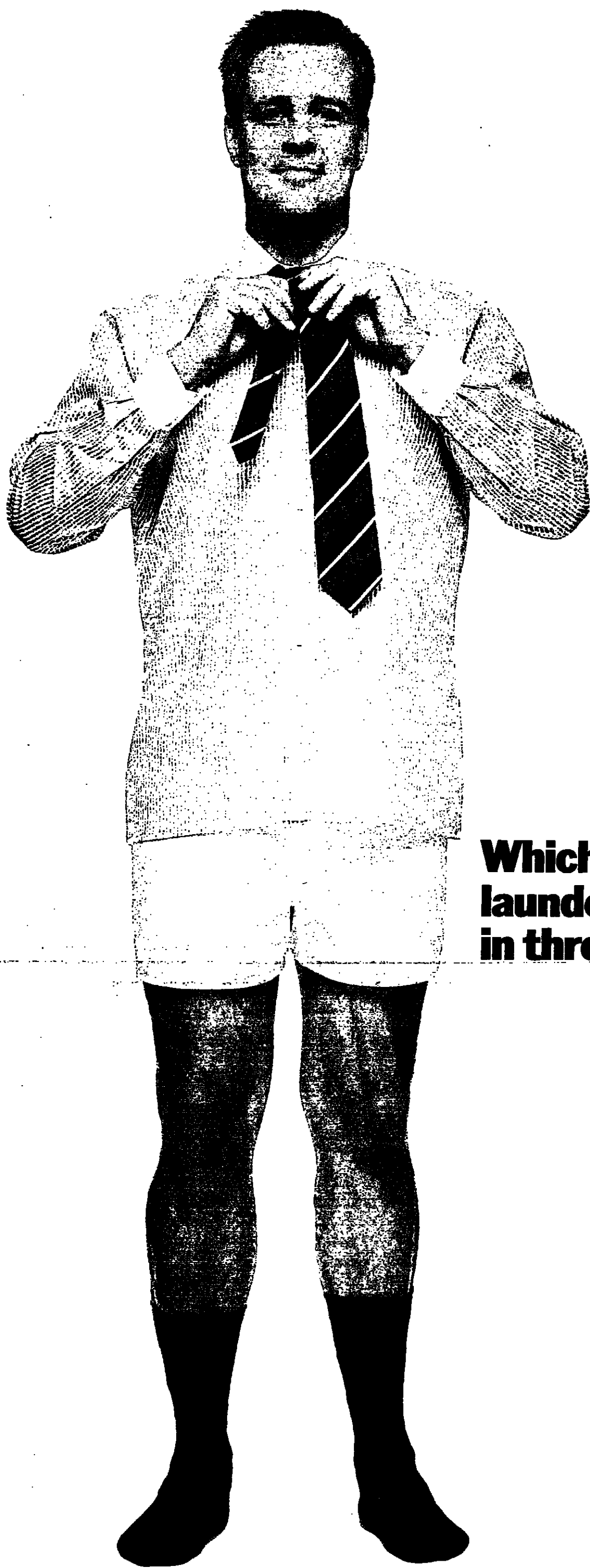
The electricity would be sent by submarine cable, for use mainly in the eastern Dominican Republic, which has inadequate supply.

The governor said the Dominican Republic could build its own power plant, but that this would cost about \$450m (\$231m). The facility for sending power from Puerto Rico would cost about \$70m.

Mr Hernandez Colon said the financing was not yet agreed.

The project, however, is meeting opposition from some quarters in the Dominican Republic, because of fears that the country could become too dependent on Puerto Rico for a significant part of its electricity needs.

هكذا من العمل



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Woolworth buys the Superdrug chain for £233m

BY LISA WOOD

WOOLWORTH HOLDINGS yesterday announced an agreed bid worth £233m at last night's closing prices, for Superdrug, the 287-strong discount drug store chain.

The bid comes on the heels of Woolworth's abortive bid for Underwoods, the London-based chemist chain.

Mr Geoff Mulcahy, chief executive of Woolworth Holdings, said the deal was not a last minute alternative to Underwoods. "This deal has come out of a long period of contacts between our two companies," said Mr Mulcahy.

Woolworth is offering 17 new shares for every 20 Superdrug ordinary shares with an underwritten cash alternative. Superdrug's share price closed last night at 88p, up 17p. Woolworth Holdings closed at 790p per share, down 40p.

Irrevocable undertakings to accept the offer have been given in respect of 61 per cent of the issued ordinary shares of Superdrug with the families and trusts of the founders of the chain, Mr Ronald and Mr Peter Goldstein, representing some 33 per cent of the acceptance.

The Goldstein brothers, who will stay as chief executives of Superdrug and join the main board of Woolworth Holdings, will hold about 4 per cent of Woolworth Holdings' equity.

Superdrug was set-up 21 years ago and has pioneered the discount "drug store" retailing concept in Britain. Unlike traditional chemists, including Underwoods and Boots the Chemist, Superdrug does not National Health Service dispensing. It is committed to a limited range of discount toiletries, including personal body care products and household cleaners, with an emphasis on own-label products.

The company, which went to the Stock Exchange in 1983, has demonstrated strong growth over the past few years. It claims a 37 per cent share of the discount drug store market and some nine per cent of the UK toiletries market (which excludes cosmetics). It made a pre-tax profit of £12.3m in 1986-87, an increase of 18 per cent on 1985-86.

Woolworth Holdings is committed to developing itself as a specialist retailer and the acquisition of Superdrug will be a further strand in this strategy.

While Superdrug has its own store expansion firmly in train, Woolworth, which is rationalising and refurbishing its Woolworth chain stores, is able to offer it a number of retail sites which may be superfluous to the needs of its Woolworth stores.

Lex, Page 28; Analysis, Page 34

Caterpillar asks for union to end sit-in

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

CATERPILLAR yesterday appealed to the Amalgamated Engineering Union (AEU) to help end the workers' occupation of the Uddington tractor plant, near Glasgow, after the workforce voted not to leave the factory.

At a stormy mass meeting the men voted by 388 to 362 - a majority of six - to ignore last Wednesday's high court injunction ordering them to leave the plant. Mr John Brennan, the leader of the occupation, said it was a "tremendous decision".

In the past few days officials of the AEU and the electricians EETU, the two unions involved in the sit-in, have urged the leaders of the protest to obey the law and to continue the fight to save employment by means of strike action outside the plant.

The officials were not present at yesterday's mass meeting. Leaders of the protest said yesterday that the occupation would go on until the management returned to the negotiating table.

Caterpillar gave an undertaking in court that it would negotiate with the workforce on future employment possibilities once the occupation ended. But last week it firmly rejected a request by the workforce to start talks before the occupation ended.

Caterpillar said yesterday that it was "deeply disappointed and concerned" at the decision of the hourly-paid workers at the plant. But it welcomed a subsequent vote by the 40-odd members of EETU who are involved in the sit-in to disassociate themselves from the decision of the mass meeting which they had attended.

The company asked the AEU to give formal instructions to its members to call off the illegal action.

The national executive of the AEU is expected to discuss the Caterpillar issue today. Mr Jimmy Airlie, a member of the executive who has been closely involved with the dispute, is expected to come to Glasgow later this week to speak to the occupation committee.

The Caterpillar occupation began almost eleven weeks ago in mid-January when the US company announced that it intended to close the plant within about a year.

Both union leaders and the Government would like to see the occupation come to an end because they believe it is making it more difficult to find an alternative use for the plant. Caterpillar is determined to close the facility and does not wish to see it used to make earthmoving equipment or components.

While the plant is occupied it is not possible for government officials or prospective purchasers to make a detailed assessment of the alternative possibilities for the facility.

Retailers fight bank on cashless shopping

BY HUGO DIXON

THE RETAIL Consortium, the retailers' trade association, has brought the Office of Fair Trading (OFT) into its increasingly bitter dispute with Barclays Bank over the launch of a new type of plastic money.

The consortium last week informally alerted the OFT to its belief that Barclays is acting anti-competitively in the way it is trying to introduce Connect, a debit card. This will look very much like a credit card, but function more like a cheque in that purchases will be debited direct to a person's bank account within the standard three days.

It has also taken legal advice to find whether it can stop Barclays introducing the card in the way it plans.

Barclays was "using a technique which would not flatter a second-hand car dealer," said Dr Bob Woodman, chairman of the consortium's committee on cashless shopping.

Barclays claims that retailers which have signed up to accept Visa cards will have to accept Connect and pay Barclays the same commission as they pay on credit cards, which averages about 2 per cent. This compares with the 10p that retailers now pay banks to process their cheques.

"They don't have an option," said Mr Peter Edwood, chief executive of Barclaycard. "If they are Visa merchants, they either have to accept all Visa cards or none."

The implication is that Barclays will not permit retailers to display the Visa sign in their shops if they refuse to accept Connect.

"If they attempt that ploy," came the riposte from Dr Woodman, "we can say 'good riddance' and they will lose their share of the credit card market overnight."

Retailers are angry because they feel Barclays is using a back-door route to force them to accept a charging system they do not want.

Food colouring report

BY LISA WOOD

NEW RESTRICTIONS on the use of certain colours and on the foods which may contain added colours were recommended yesterday in a report by the Food Advisory Committee (FAC), an independent committee which advises Ministers on food additives.

The report also recommended statutory maximum limits on the quantities of colours which may be added to foods.

The FAC said it found no reason to recommend against the continuing use of added colours in food.

Among the main recommendations are:

be permitted for use in food mainly because of a lack of adequate toxicological data.

● More data are needed on certain colours which the FAC considered temporarily acceptable pending further review.

● Levels of caramels added to food should be reduced significantly because of the high consumption of these substances which may be occurring.

● Ministers should examine the basis of descriptions such as "natural" or "artificial" in relation to consumer understanding and food manufacturing practice.

Telephone repair charges criticised

By David Thomas

A LEADING organisation representing telephone customers has complained to the Office of Telecommunications, the industry's regulatory body, about British Telecom's decision to charge for guaranteeing to repair faults within a specified time limit.

Separately, BT yesterday said it intended to charge for directory inquiries as soon as the service was operating satisfactorily.

BT is introducing three new types of contract for customers who want a better repair service than that offered at present.

Under one type of contract, called Prompt Care, customers can pay £3.80 a quarter (24 per cent of the rental for a single line) for a guarantee of a four-hour response to fault reports between 8am and 5pm, Monday to Saturday.

Under Total Care, customers can pay £10.45 a quarter (80 per cent of the rental for a single line) for a four-hour response round the clock.

Ms Vivienne Peters, director of the Telecommunications Users' Association, said her association was worried that BT would have no incentive to maintain an adequate repair service for those people paying just the standard rental.

Labour sets out partnership strategy for the economy

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR Party yesterday unveiled its ideas for a programme of partnership between government, industry and the trade unions aimed at ending what it described as "eight wasted years" of economic mismanagement.

Helping to launch the proposals, after returning from Washington and his controversial meeting with President Reagan, Mr Neil Kinnock, the Labour leader, outlined the third major element in his party's programme for national renewal.

"Work to Win," which has been jointly drawn up with the Trades Union Congress, says the two sides

have "rejected the easy path of concession and the more dramatic but equally damaging strategy of confrontation" as the means of achieving a sustainable improvement in Britain's economic performance.

The programme calls for a new, national economic assessment in which all sides of industry will undertake a thorough and frank review of economic priorities, constraints and solutions.

The document repeatedly emphasises the importance of close, constructive co-operation and both Labour and TUC leaders say they intend to face up to hard decisions and to manage necessary change

"without resort to conflict".

The plan includes Labour's previously announced plans to create more than 1m jobs in two years and a five-year jobs and industry strategy built around a long-term programme for investment in manufacturing capacity.

It also re-emphasises Labour's commitment to the establishment of a statutory minimum wage, which will be regularly reviewed, as well as its proposals for a strengthened Department of Trade and Industry and for the creation of British Enterprise, the state holding company to provide equity financing for industry.

Saunders to sue Roux for libel

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR ERNEST SAUNDERS, the former chairman and chief executive of Guinness, intends to sue Mr Olivier Roux, the company's former finance director, for libel, the High Court was told yesterday.

The intended proceedings were mentioned when Mr Saunders complained that his family solicitors were caught in a conflict of interest because they were now also acting for Mr Roux.

The court was read evidence in which Mr Saunders referred to conflict between himself and Mr Roux

and stated that he had started proceedings against a number of people, including Mr Roux.

Mr Roux had made a number of allegations about the £5.2m payment made by Guinness to a Jersey company, Marketing and Acquisition Consultants, Mr Saunders stated, adding that he vigorously denied the allegations.

The court was told that the solicitors, Denton Hall Burgin & Warren, who for many years had acted for Mr Saunders and his wife, had recently accepted instructions to

act for Mr Roux in connection with a matter involving the Department of Trade and Industry, which had involved making allegations against Mr Saunders.

Mr Saunders asked the court to give guidance on whether the solicitors should continue to act for Mr Roux. The court heard that the solicitors had told the Law Society that the partners advising Mr Roux were entirely different from those who advised Mr Saunders.

The hearing continues today.

Leisure group's chief leads buy-out attempt for company

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

MR HARRY GOODMAN and other senior directors and management of the International Leisure Group (ILG) are seeking to buy out existing shareholders and take the company private in a move aimed at expanding the group's airline operations.

The proposed buy-out, details of which are expected to be released on Thursday, ends a week of speculation about a mystery buyer for the company which had seen the ILG share price climb steeply. Last night ILG closed at 180p, down 8p on the day.

Mr Goodman, the entrepreneurial founder of ILG who has a 15 per cent stake in the company, claimed yesterday that the buy-out deal was "one of the biggest ever of its type." At last night's closing price the company is valued at just over £31m.

Mr Goodman said the main reason for the buy-out was to enable the company significantly to expand its Air Europe operations without the City breathing down our necks.

"The City takes a short-term view and our airline expansion will mean that our profits do not grow so fast in the short term. If we are private then we can develop the business with the medium and long-term in mind."

ILG plans to have some 27 aircraft operating by 1990, compared with six at present. The airline will operate scheduled as well as charter services to Europe.

Mr Goodman said that the airline expansion, details of which will be released later this week, will cost about \$370m spread over three years.

ILG's pre-tax profits in the six months to the end of September 1986 were some £6m lower at £23.2m, including aircraft sales, compared with the same period in the previous financial year. But operating profits, on which the market evaluates the shares, were 47 per cent ahead at £21.5m.

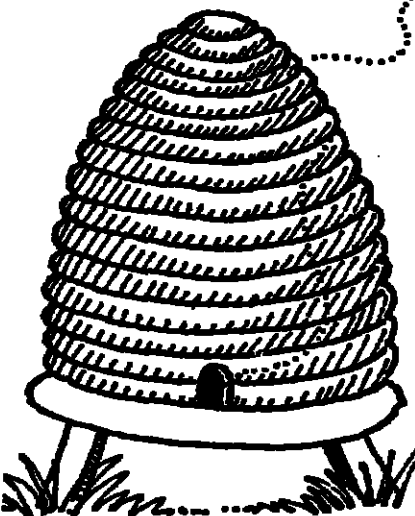
In spite of recent business in the packaged tour holiday market, last summer - and buoyant early bookings for this summer - there are fears in the travel trade that profit margins could be cut this year if the major operators are forced to discount prices to achieve their capacity targets.

The management group planning to buy-out ILG comprises Mr Goodman, four other main board directors, and 15 senior executives. Together with Mr Goodman's stake of 15 per cent, these directors own some 16 per cent of the shares.

Men and Matters, Page 26

The benefits of the IBM 6150 UNIX multi-user RISC-based Micro Computer, with 5.6 gigabyte memory 4.5 M.L.P processor and 16 megabyte RAM.

AS EXPLAINED BY A BEEKEEPER.



(Fig. 1: A traditional skep)

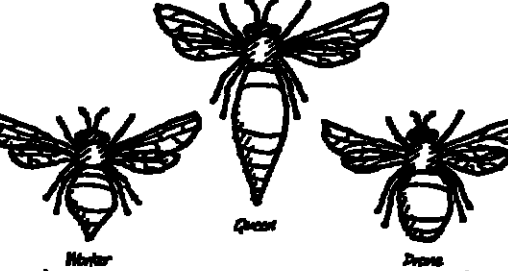
For so work the honey-bees,
Creatures that by a rule in nature teach
The act of order to a peopled kingdom.

Shakespeare, Henry V, Act I, scene ii.

Observing the bees at work today it struck me that the humble hive has more to offer, more profit, less overheads and is more efficient than any business in the world.

The IBM 6150 System creates the same effect by linking the various functions of a company together.

Judging by the way the bees cluster round her it's obvious that the Queen provides a centre of control at the heart of the hive. As Managing Director she delegates to both workers and drones.

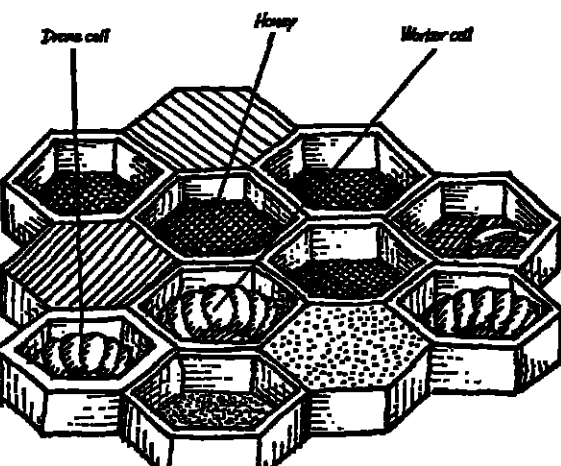


(Fig. 2: Apis Mellifera)

Much the same way as an IBM 6150.

It has a powerful database to provide

access for multiple terminals, so different departments can interact miles apart (an improvement over the Queen bee who stays close to home).



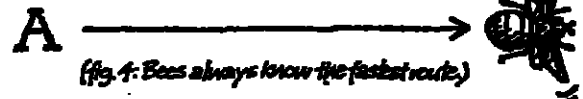
(Fig. 3: Honeycomb detail)

The bees are drowsy in this heat so I was able to get a closer look at the thousands of honeycomb cells which store the hive's resources.

The 6150 has a rather more impressive disk storage of 5.6 gigabytes, enough for an entire company.

Even as I write, new cells are being built and filled as the hive grows.

With memory increased to 16 megabytes the 6150 also gives you plenty of room to expand.



(Fig. 4: Bees always know the fastest route)

While pottering in the garden I noticed that contrary to popular belief bees do not buzz about aimlessly but always take the most direct route. They never stop to smell the roses unless there is nectar to be had.

With a 6150, data makes a beeline direct to your terminal due to reduced instruction set coding (RISC) which eliminates unnecessary paths in a computer.

Once a bee is on the scent of something good I think he becomes one of nature's swiftest creatures!

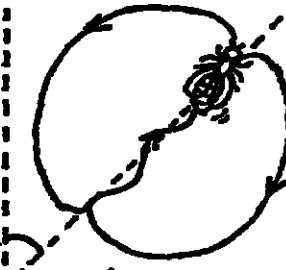
But nothing like as quick as the 6150 with a processor that sends information to you at 4.5 million instructions per second. A bee would approve.

From buttercups to borages the garden daily tempts the bees hither.



(Fig. 5: A bee's favourite pastime)

And as a bee flits from flower to flower, the compatible 6150 runs over 300 software programs from accountancy to graphic design because it runs AIX, an enhanced version of UNIX.



(Fig. 6: The waggle dance tells where the clover lies)

After weeks of waiting I was rewarded today by a rare glimpse of the waggle dance in full swing. For when a scout bee has vital news, like where a patch of covetable clover lies, he telegraphs the fact by wiggling his tail in a dance all the bees understand.

Bees can only buzz with other bees, but a 6150 with SNA and Ethernet communications can relay needed information to an entire network of computer users from PCs to mainframes, all at the same time.

This 'bee bop' was a call to action and within seconds the bees scrambled for take-off.

Similarly, the fast reaction of a 6150 means many tasks can be coordinated effectively between departments.

Such a frost last night, I woke with the lark to make sure the hives were dry and that the bees weren't feeling the cold.

The dedication of an IBM 6150 dealer is no less vigilant. He's expert at helping to keep your business humming along.



(Fig. 7: An Apianist at work)

My greatest delight is tasting the first honey of the season. It fills me with renewed admiration for the team work of the hive.



(Fig. 8: This year's surplus)

The 6150 also unifies your company's resources to produce results.

I note with some pride that so far the hive has produced three more honey-pots than last year. If this keeps up it will truly be a splendid season.

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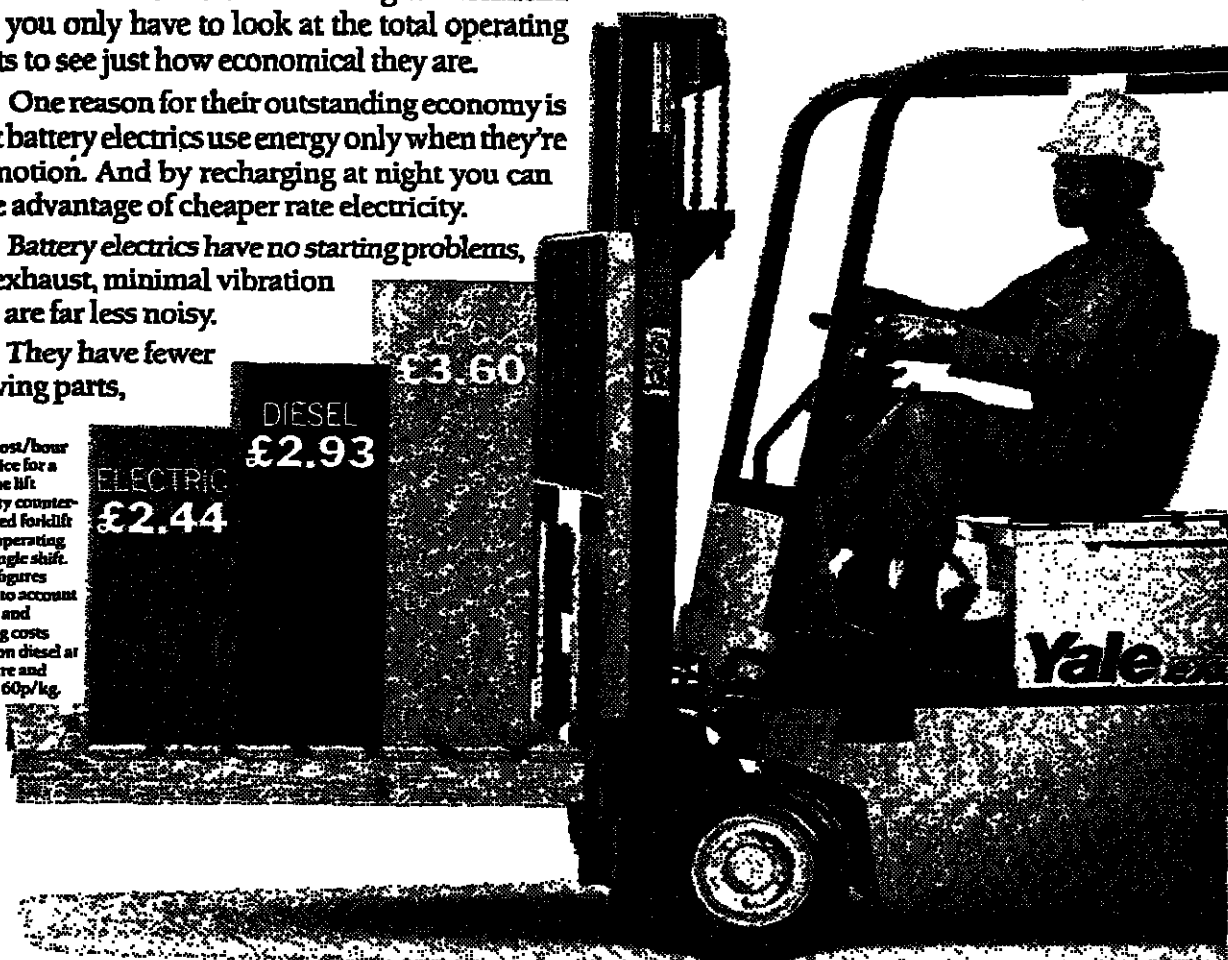
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UK NEWS

Britain urged to promote use of custom microchips

BY PETER MARSH

THE DEPARTMENT of Trade and Industry has been urged to start a campaign to promote the use of "do-it-yourself" or custom microchips. Unless this action is taken, the department has been warned, a British lead in use of the devices may start to slip.

The advice comes in an unpublished report commissioned by the department and produced by a team of consultants headed by Michael Shortland Associates, based in Guildford, Surrey.

According to the report, the UK leads the rest of Europe in applications of custom electronic devices, in which designers build up circuits on silicon to produce a chip to their own specification.

The UK market for custom chips in 1986 was \$148m (£92.5m), out of a world figure of \$2.4m, the report states. Many of the biggest suppliers of custom chips in Britain are subsidiaries of overseas companies

such as Toshiba, Fairchild, Hitachi, National Semiconductor and Intel. Leading UK suppliers include Ferranti, Plessey and Racal.

Electronics engineers involved in the development of products such as office machinery or telecommunications equipment can design the chips using a combination of desktop computers and advanced graphics software.

Significant reduction in costs of 20 per cent or more, greater reliability of products and reduced lead times between design and manufacture can follow from the use of custom-chip technology, according to the consultants.

But not enough of Britain's 4,000 small to medium-sized electronics companies know about the benefits of the technology, they say.

"It is suggested that steps be taken to catch the public imagination in order to stimulate longer-term market development in what

amounts to a 'second revolution' in microelectronics technology," says the report.

The consultants suggest the Trade and Industry Department, together with suppliers of custom chip technology, establishes a network of "silicon centres" around Britain. These centres would promote the use of do-it-yourself chip production techniques and help small companies new to the methods.

The report says the department should start an awareness campaign on the technology, involving leaflets, training courses and seminars, together with a promotion of new custom chip techniques at universities and polytechnics.

Government officials should also try to bring together companies that offer chip-design services with those that could benefit from the technologies.

Technology, Page 12

Minister defends abolition of councils

By Michael Cassel

SAVINGS from abolishing the Greater London Council (GLC) were now helping to offset the massive rate (property tax) increase which some of London's Labour-controlled local authorities were now imposing on ratepayers, Mr Nicholas Ridley, the Environment Secretary, has claimed.

Mr Ridley, speaking in London last night on the eve of the first anniversary of the abolition of the GLC and the metropolitan counties, said that, before they were wound up, Labour had fought a determined campaign to preserve their power bases from which to attack the Government. They had spent millions on warning of impending chaos, rate increases and reduced public services.

He said that, in reality, local government costs had been increased by £40m in the first 12 months. He also claimed that the Government's forecast reduction of 7,000 posts in London and the other metropolitan authorities would be fully realised, saving ratepayers around £100m a year.

Mr Ridley added that by the end of 1987-1988, the successor boroughs and districts would have received extra cash totalling £431m and an increased capital spending power of over £75m.

He continued: "In London alone, the cash to be distributed by the London Regional Body in the two years following abolition amounts to around £200 per household."

The left-wing Association of London Authorities persists in its claim that abolition has cost money. Yet their own ratepayers can breathe sighs of relief that savings from abolition are compensating to some extent for the massive rate rises being imposed by those London Labour councils which are not being ratecapped this year.

IN-DEPTH REPORTING DAILY IN THE FT

Welsh economic survey gives surprising vote of confidence

BY ANTHONY MORETON, WELSH CORRESPONDENT

A PICTURE of an effervescent Welsh economy moving ahead at a faster pace than that of the UK as a whole has been presented to the Welsh Development Authority (WDA) in Cardiff.

This surprising survey of an economy that most people assumed to be in deep depression is now being mullied over within the WDA and is expected to be published within the next week.

Preliminary findings from the survey, commissioned by the WDA from outside consultants Bowles Research, have been seen by the Prime Minister's advisers. The team is believed to be impressed by the WDA's work in regenerating the Welsh economy since its establishment in 1976 and to be considering the agency as a model for any agencies that the Conservatives might propose for parts of England in their election manifesto.

The report states that the Welsh economy has taken "great strides" over the past decade in moving away from dependence on declining industries such as coal and steel.

There has been strong growth of modern, high-technology industries, and while there are still "fundamental continuing weaknesses," there are now "significant indicators of real improvement."

In some areas the economy of Wales is outperforming that of other industrial parts of Britain, and in some cases it is even performing as well as in the prosperous south-east of England.

The report shows that the Welsh economy experienced:

• A faster rise in GDP (gross domestic product) per head - up 15 per cent in 1985, the last year for which figures are available - than in any other part of the UK.

• A fall in seasonally adjusted employment every month since May 1986; a rise in notified vacancies of almost 30 per cent over the past year; and a faster rate of job opportunities than in the UK as a whole.

• A more rapid rate of growth in self-employment and better company generation than in other British "smokestack" regions.

• Better performance than the UK

economy in "modern" industries such as office machinery, data processing, research and development, rubber and plastics and instrument engineering.

The picture is not one of unrelieved optimism, and the report warns it would be wrong to ignore fundamental, continuing weaknesses.

There has been a disappointing failure to increase total employment, and there has also been a poor performance in property, financial and professional services.

The most spectacular improvement, the report states, has been the increase in GDP per head. If the rate of improvement in 1985 is maintained, then Wales would have a higher GDP per head within the next two or three years than the UK as a whole.

The report accepts this extrapolation is unlikely to arise, but even if the rate of improvement over the period 1981-85 is maintained, then Wales will overtake the UK average by the end of the century.

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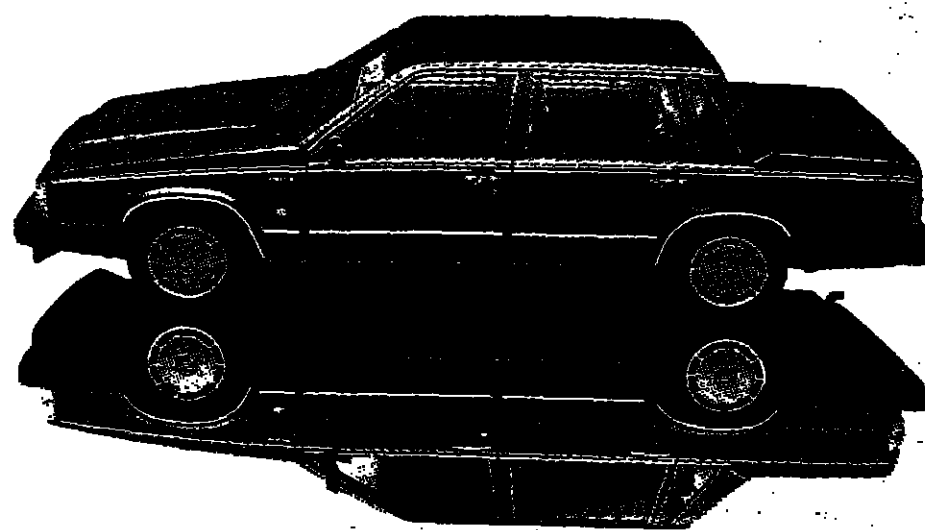
Like when you turn the key at five on a freezing February morning.

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مكازم النجف

Six-day working 'threat to mine jobs'

By Philip Bassett

EMPLOYMENT in the South Wales coalfield will be halved once British Coal's proposed new drift mine at Margam is in operation, according to national leaders of the National Union of Mineworkers.

The NUM's contention is likely to be challenged both by British Coal and by the South Wales area of the NUM, which has agreed in principle to new working practices for the mine in order to secure what union leaders there claim will be up to 1700 new direct and indirect jobs.

The South Wales decision is strongly opposed by Mr Arthur Scargill, NUM president, and the union's national officials, and the difference has laid open deep divisions within the union in the wake of the 1984-85 coal strike.

The NUM's calculation is contained in an internal paper prepared by the union's industrial relations department for a weekend conference on flexibility at Northern College, near Barnsley.

It is important in fleshing out for the first time the argument against the South Wales decision, made so far only in outline by Mr Scargill. The paper says that British Coal's proposal for six-day working at Margam and elsewhere together with much more extensive use of "heavy-duty" face technology for obtaining much more coal more quickly "is a threat to thousands of mining jobs".

The NUM's calculations of the impact of Margam on South Wales are based on the "Wheeler" proposals for new ways of working in the industry drawn together by Mr Albert Wheeler, British Coal's Nottinghamshire area director.

On this model, the NUM argues that there could be a loss of 10,000 jobs in the Yorkshire coalfield by the early 1990s, and says that the current Nottinghamshire output could be mined with 14,800 instead of 28,000 miners.

Working hours underground are restricted to 7½ in any consecutive 24 under 1986 Mines Act.

The national NUM accepts that although the six-day working proposals for Margam may not increase the actual number of hours worked, the 1986 provisions are all the more important because it will increase the duration and exposure period of miners underground, increasing in turn stress and vulnerability to the likelihood of an accident, disease or illness.

Preferred sites named for power stations

By Maurice Samuelson

BRITAIN'S FIRST two new coal-fired power stations for more than a decade are likely to be built at Fawley, near Southampton, and at West Burton, Nottinghamshire, Mr Peter Walker, Energy Secretary, said in the House of Commons yesterday.

His announcement underlines the Central Electricity Generating Board's (CEGB) intention to press on with a mixed programme of coal and nuclear power stations between now and the end of the century. With electricity demand growing steadily, the programme will involve replacing about 12,500 MW of the CEGB's present total capacity of just over 50,000 MW.

The CEGB, which intends to seek planning permission around the end of the year, says they have been selected from a list of five possible sites. The others are at Kingsnorth on the Medway, (Kent), Hams Hall in the Midlands and Killingholme on Humberside.

The choice is also subject to "satisfactory technical and environmental assessment". However, Mr Walker's statement, coming only three weeks after his clearance for the Sizewell B nuclear station, will be a further morale booster for Brit-

ain's hard-pressed power plant industry.

It is also good news for British Coal, striving to boost its efficiency in the face of cheap nuclear power and falling world coal and oil prices.

The two new stations could burn up to 10m tonnes of coal a year, a tenth of British Coal's annual production. This would not be incremental tonnage, and would help to safeguard mining jobs rather than create new ones.

British Coal has long been lobbying for a new power station at West Burton, despite the CEGB's plan that the main gaps in its generating capacity are in the south of the country. West Burton is a natural customer for Nottinghamshire coal produced by members of the unit-

ed Scargill Union of Democratic Mineworkers, a political factor which appeals to the Government, especially in a pre-election year.

At Fawley, however, the CEGB will be able to expose British Coal to direct competition from low cost Australian or Colombian coal. It is one of the few sites in Britain which can receive transcontinental col-

lers carrying up to 150,000 tonnes of coal.

Scottish shipbuilder is to lay off workers

By James Buxton, Scottish Correspondent

GOVAN SHIPBUILDING, British Shipbuilders' last remaining shipyard on the Upper Clyde in Scotland, is to lay off up to 1,000 hourly paid workers within the next two weeks.

The yard will have no orders when the Norsema, a 31,000 tonne roll-on/off ferry, leaves the yard in a few days time.

The shipyard intends to find other work for about 300 of its hourly paid workers, while about 300 salaried staff will be unaffected. The hourly paid workers on lay-off will receive 75 per cent of their basic pay.

Govan intends to re-engage the men who are to be laid off when it receives new orders.

British Shipbuilders and a team from Govan are presently negotiating a possible order with the Chinese Government for three 60,000 tonne container ships, which would provide work for about three years. The shipyard is said to be optimis-

tic about the chances of winning the order.

The shipyard is also bidding for an order for a cross-channel ferry for the French company Brittany Ferries. But this bid is currently held up by an EEC inquiry into allegations that the French Government has offered unfair subsidies to a French yard to undercut Govan's bid.

Govan is also hoping that the British Government will order a 7,000 tonne cargo-carrying ferry to operate between Britain and St Helena in the south Atlantic. But this order is not likely to be placed until August.

Mr John Smith, Labour's shadow trade and industry minister, said yesterday that the Government should speed up the ordering process to assist Govan.

The 240m Norsema, currently undergoing sea trials, has been completed within a few days of schedule.

SATELLITE BROADCASTING CONFIDENT OF GETTING OFF GROUND

DBS set to hit cash target

By Raymond Snoddy

BRITISH SATELLITE Broadcasting (BSB), holder of Britain's direct broadcasting by satellite (DBS) franchise, is on the verge of completing its first-stage financing of £200m.

BSB's target has been to raise £120m by the end of this month to add to the £80m already committed by the five founder shareholders.

There are now verbal undertakings from potential investors to cover all the £120m and letters of intent have already been received for about £80m. The remaining formal commitments are being finalised by lawyers and are expected to be completed within the next two weeks.

About six substantial corporate investors, including Mr Alan Bond's

Bond Corporation of Australia, the brewing and media group, are expected to join the founder shareholders - Granada, Pearson (publishers of the FT), Virgin, Amstrad Consumer Electronics and Anglia Television.

Both Granada and Pearson are expected to increase their stakes in the project during the current financing.

Senior BSB executives are now very optimistic that the full £200m to finance the purchase of two high-power satellites and to launch the project will be raised. A formal announcement is expected by the middle of April.

At the third attempt all the signs are that British DBS - the broad-

casting of three new channels of national television from space to dish aerials 30 to 40 centimetres in diameter on individual homes - is finally going to get off the ground.

The total cost of the venture, scheduled for launch in the autumn of either 1988 or 1990, is expected to be £825m. Illustrative projections sent to potential investors by BSB suggest that the annual profit in the final years of the 15-year franchise could top £1m.

BSB this week chooses its satellite provider from three short-listed suppliers, British Aerospace, and Comsat and Hughes, both of the US.

All three organisations gave pre-

liminary to BSB last week and have to provide additional information by this morning. Comsat's satellites are believed to be the cheapest because they are left over from a failed DBS project in the US.

British Aerospace, however, is still in the race although the company has been asked to provide more information on how it could help with the financing of the satellite purchase and what level of commitment the British National Space Centre might be able to give. A Government space programme is now before the UK Cabinet for decision. DBS is likely to be free to choose the cheaper Comsat satellites if it wants to do so, as long as the independent Broadcasting Authority, which regulates DBS, is satisfied about their technical reliability.

Britain's roads to have £152m repairs

By Kevin Brown, Transport Correspondent

THE TRANSPORT Department yesterday announced details of a record £152m motorway and trunk roads maintenance programme for the coming financial year.

This is the biggest annual repair programme ever mounted by the Department of Transport (DoT), breaking the 1986/87 record of £145m. Around £80m will be spent on repairing 80 miles of motorway, and the remainder on the 200 miles of trunk roads.

Mr Peter Bottomley, the Minister for Roads, warned motorists to expect delays and traffic jams in some areas although disruption would be kept to a minimum.

Mr Bottomley said the DoT had been trying for six years to catch up with a backlog of repair work caused by cuts in spending during the last Labour Government.

"A few people have complained that there are too many roadworks and too many delays, but that is the price we must pay for having reduced the backlog of work to 3 per cent," he said.

Lane rental contracts, under which contractors are paid extra for finishing work early, are being used

on about 30 of the biggest repair jobs. These contracts reduced the amount of time spent on repairs by 38 per cent last year, Mr Bottomley said.

He said the worst hold-ups were likely to occur on the M1 motorway, near Luton, Bedfordshire, between April and October.

Severe delays are also expected on the M6 at Preston, Lancashire, and the M20, near Maidstone, Kent.

Narrow traffic lanes are to be introduced in both directions of the two-mile Severn road crossing, as part of a programme of strengthening and resurfacing work. The new lane markings will be introduced over the next two or three weeks, and there may be temporary lane closures while this is done, the DoT said. Trial narrow lanes have been in operation on the westbound carriageway of the Severn suspension bridge since April 1985.

Tests on the 13 miles of elevated M6 and M5 motorway in the Midlands have disproved claims that the construction was insufficiently strong, the DoT said.

Survey claims job outlook improving

By Charles Leadbeater, Labour Staff

THE PROSPECTS for employment growth have improved significantly from the start of the year and is marginally better than the same time last year, according to a quarterly survey of the jobs outlook among employers conducted by Manpower, the temporary employment agency.

The survey found that a balance of 20 per cent of employers plan to take on staff in the second quarter of the year, with 10 per cent expecting to shed labour and 30 per cent planning to recruit.

This compares with a balance of 3 per cent of firms who said they planned to take on labour in the first quarter, and is two points above the level recorded a year ago.

Manpower says the planned employment growth is distributed across all sectors of the economy and regions.

About 28 per cent of manufacturing companies expect to take on workers, 6 per cent more than the start of the year and one point up on a year ago.

A third of service sector companies expect to take on labour, a 17 per cent rise over three months ago, and 7 points higher than a year ago. The job growth will not be concentrated on the more buoyant areas of the economy, the survey predicts.

Employers in areas, such as the East and West Midlands, Yorkshire, the North-East and Scotland are more optimistic about job growth than a year ago.

Charles Batchelor writes: The Department of Employment (DoE) yesterday launched a campaign to explain employment law in simple terms to small businessmen in an attempt to encourage them to take on more workers.

The campaign takes the form of a series of 10 leaflets, illustrated with cartoons, explaining issues such as maternity rights, redundancy, dismissal and the requirement for printed and itemised pay slips.

"The Manpower Survey of Employment Prospects," Manpower House, 270-272 High Street, Slough, Berkshire.

Aerospace takeover 'to provide 600 jobs'

By Michael Donne

MORE THAN 600 new jobs in the aerospace industry over the next two years are expected to result from the takeover of Aviation Traders (Engineering) (Atel), a subsidiary of Aer Lingus based at Stansted, north of London, for an undisclosed sum by the privately-owned Qualitair Engineering, part of the Cambridge-based Qualitair Group.

Announcing his new purchase yesterday, Mr Peter Bottomley, chairman of Qualitair, said the group planned to build a new £17m engineering facility at Stansted, now being developed as the third major airport for London.

The new engineering base would become operational by November, next year, to handle aircraft maintenance and overhauls at the expanding airport.

Mr Bottomley said this expansion meant that the present 850 employees of Qualitair and Atel combined would expand to 1,300 by 1989, with the group's annual turnover rising from the current combined £20m to over £50m by the early 1990.

Mr Bottomley saw future growth coming from the sale of British aviation engineering expertise to foreign and Third World airlines. He said the acquisition and promise of major investment at Stansted had been welcomed by the unions and the aerospace industry.

Air France, the French national airline, began its first regularly scheduled services between Stansted and Gatwick, London, airports and Charles de Gaulle in Paris.

The Gatwick-Paris route will henceforth be three times daily on week-days (twice on Saturdays and once on Sundays), while the Stansted-Paris route will be twice daily on Mondays to Fridays.

A new Scottish airline, Chieftain Airways, began operations yesterday, with weekday flights between Glasgow and Brussels, Edinburgh and Frankfurt, and Glasgow and Hamburg. Other new services linking Scotland with Copenhagen, Gothenburg, Geneva and Milan will start soon.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER LONDON · FRANKFURT · NEW YORK



Part 7: Inequalities have widened during the Thatcher years, but the deepest divisions are in the mind, says Joe Rogaly. Below, Clive Wolman finds contradictions in the Government's crusade for popular capitalism

modern economy. This feeling is paramount among people in charge or aspiring to be: certain shadow ministers as much as those in office; senior civil servants; the new breed of managerial administrators in the public sector and, most of all, the business community.

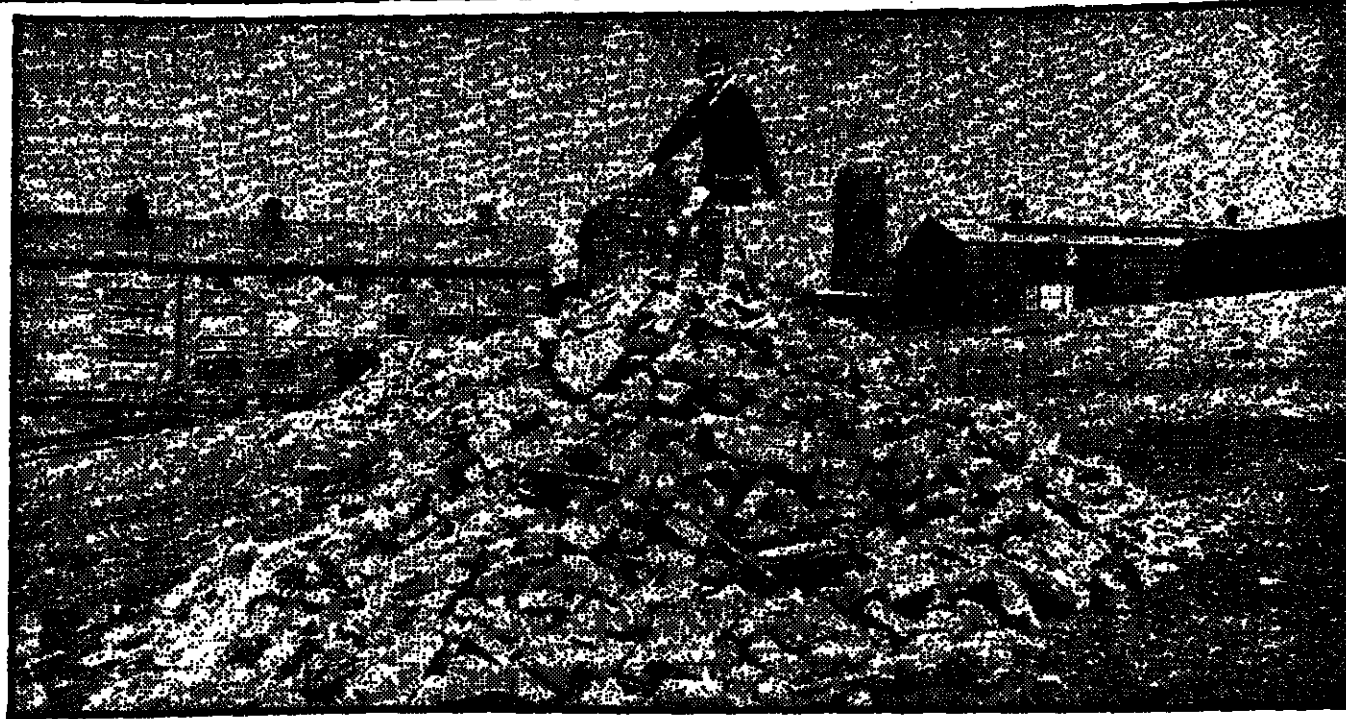
It is this division in the mind that leads to so much confusion about the real divisions on the ground. One of the most confused notions is that of the "north-south divide." It implies that virtually all the wealth is in the south, or even the south-east, while the rest of the country is a zone of unrelieved devastation.

The truth is that there is an archipelago of wealth in the north, just as there is an archipelago of poverty in the south. For example, parts of Brixton or some of the council estates around Kings Cross in London are as depressing as their counterparts in, say, Manchester. This is not to suggest that there is nothing to concern ourselves about in the north.

In Birkenhead, to take one instance, the Ford estate is in a terrible condition: the houses are crumbling, the streets are crisscrossed with potholes, and the surrounding area is a wasteland of derelict buildings and shopping trolleys cluttering the streets. The people look sullen, and ill-dressed. The streets are dark, and the atmosphere is one of despair.

Just a few minutes out in the nearby Wirral green belt sit the large, detached houses, their protective plaques proclaiming: "This is a Home Warden area." The apparent fear is not of revolution, but of burglary. There are other estates in Birkenhead, cleaner and more conventional than Ford, and it is from these that the unemployed emerge, to head for cash-paid "work on the side" in the delightful villages to which Liverpool's professional and business classes commute.

How much work on the side? The evidence can only be anecdotal, but a Wirral mature student, who has spent many years in the area and observed his friends and neighbours from more than one address, suggests that about a tenth of the unemployed have enough such work, regularly, to make them considerably better off than they were in an orthodox job. A further fifth are "reasonably off" and the central 45 per cent get "bits of work here and



The Everton district of Liverpool: plenty of scope for re-building

Divided they stand

there," mainly to cover unexpected bills. The remaining quarter are recent emigrants to the ranks of the long-term unemployed, "problem cases," and the seriously unemployed. They have to manage on supplementary benefit alone.

Rates vary. If you are unemployed and able to work the basic weekly amount for a couple will be £49.35 from April 6. For pensioners, or the disabled the rate for couples will be £61.65. Something to cover rent and rates, is added. So are other "additional allowances" for items such as heating.

If the orders of magnitude for work-on-the-side are even close to the truth they suggest a fresh approach to the problem of the long-term unemployed. Those who reject Thatcherism will regard it all as a consequence of her policies; those who embrace the Prime Minister's attitude with enthusiasm will, surely, applaud the resourcefulness that lies behind the black economy even while wondering whether too many people are getting away with it.

Birkenhead is not really getting away with much. It is in a high unemployment travel-to-work area (over 17 per

cent) which lies close to a medium area (9 to 17 per cent) and not very far from low unemployment areas (below 9 per cent) to the north and west of it. In the north-west as a whole the probability of finding a job within a year of becoming unemployed is 80 per cent. Only the West Midlands, at 79 per cent, is lower; East Anglia, at

85 per cent, has the highest chance in the country. When the analysis is narrowed down to districts or even wards the same complex pattern is seen. In London the transport authority is having trouble filling posts in one part of the city with employees made redundant in another. There is a certain constancy in

the rates of unemployment on council estates everywhere. Everywhere the prosperous majority sits close by.

In Birkenhead a good place to have coffee while discussing the poor is Beattie's. As you talk you can stare through to the fine china and glassware department, where the opulence is remarkable. It could almost be Harrod's. That is not an isolated example.

The dynamic chief executive of Argos Distributors, Dr Mike Smith, has more than doubled turnover during the Thatcher years (1980-85). The highest growth, 114 per cent, came in the Midlands and the next, only a percentage point less, in the northern region. His top stores last year were, in order: Belfast, Glasgow, Manchester, Newcastle upon Tyne, Doncaster, New Oxford Street came sixth.

Of course they have opened more showrooms outside London, but the stores there are more sites available. The average price per unit sold is lower up there. Perhaps there is less competition. But Dr Smith also wonders about income from the black economy and muses that, for those in work, the relatively lower cost of housing may mean a higher

disposable income than in the south. Another guide to the wealth archipelago is the map of the most financially active people in the country—those to whom one might sell unit trusts, for example, or those with building society and bank accounts. Finpoint Analysis Ltd., which specialises in computer mapping, has fed in a large range of variables to indicate which of the 150,000 census enumeration districts in Great Britain contain the best prospects for sales of financial services. The dots on the print-out cover most parts of the country, although they are thin in Wales and the west and all of Scotland, except the Glasgow-Edinburgh belt. The map is based on a close-up of the print-out for Merseyside. It speaks for itself.

Some of this wealth in surprising places has doubtless emerged as a result of policies that either deny that greater equality is a desirable objective or, more likely, actively promote inequality. The greatest inequality, which has shown the greatest growth, is caused by the increases in the numbers of unemployed, of pensioners, and of sub-groups of dependants like single-parent families. This is perhaps the principal reason why the bottom fifth of households had to get by on a smaller proportion of the total of all incomes in 1984 than they did in 1980. Their state benefits fell from 7.4 per cent to 7.1 per cent; the corresponding share of the top fifth rose from 37.9 per cent to 39 per cent in the same period.

Even for those in work inequality has increased under the Conservatives. The earnings after tax and national insurance of a married man with two children in the lowest tenth of earners grew by 2.5 per cent in real terms between April 1979 and April 1985. In the highest decile such a man would have enjoyed seven times the growth, or 21 per cent. Figures for other households and income patterns fall into the same pattern.

There are other, persistent, inequalities. Only last week the Health Education Council, in a celebratory final report, indicated that the well-known inequalities of health and life expectancy have widened since the 1950s. Although the Government's statistical services have moved the spotlight away from class differences since 1979, it was true before then, and remains true now, that most life-chances are measured in terms of the social scale, whether the measure be income, housing, university entrance, future employment, longevity, or good health.

The HEC evidence suggests that in the area of health the widening of inequality has continued under Mrs Thatcher's administration. The counter-argument, that the number of people in the lower classes has diminished, thus diminishing the total quantity of class-based ill-health, is consonant with the general pattern; that of a widening sea of relatively comfortable people surrounding desert islands of the poor. It is also true that much of the HEC programme is in reality an anti-poverty programme, of the kind that Mrs Thatcher's ministers have turned away from. Neither contention absolves the Government of the charge that it has failed to pay sufficient regard to health education and preventive measures directed at the most vulnerable groups.

Another charge to which there is no decent answer from the Government is that it has failed to accept that Britain is now, irreversibly, a multi-racial country. The Asian-based communities are different in character from those of West Indian origin, but both are here to stay and both tend to be concentrated in districts that have been the source of public disorder in the past and doubtless will be again. The Government's protestation that it is simply colour-blind enables it to treat all manifestations of alienation as special pleading, or individual criminal behaviour.

Some 6 per cent of the population is now classified as non-white or "not stated"; about half that total was born in the UK. A British Prime Minister could give a lead towards equality of opportunity as stark as that of President Eisenhower when he integrated the US Army. This need does seem to be understood in Buckingham Palace, but not in 10 Downing Street.

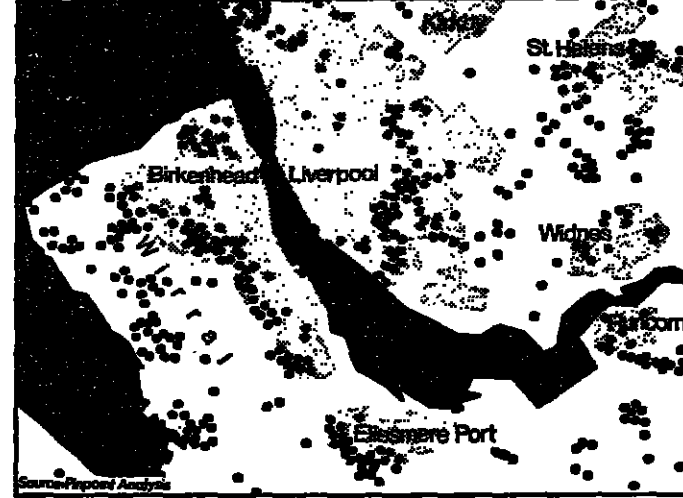
What does appear to be understood in No 10 is that the world-outlook of a great many people has been tugged rightwards. This has not only been achieved by "winning the argument" in a number of issues; it is also a consequence of social change. As Professor A. H. Halsey writes in the 1987 edition of *Social Trends*, since the mid-1970s "a pattern has emerged of a more unequal society as between a majority in secure attachment to a still prosperous country and a minority in marginal economic and social conditions."

The division in the mind that has been the outstanding characteristic of the Thatcher years reflects totally opposed attitudes to that pattern. A third term would be likely to bring the division into even sharper focus.

Tomorrow: Richard Lambert on business

Financially active neighbourhoods: Merseyside

Each dot represents 150 households



Company Notices

ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Notice to members

NOTICE IS HEREBY GIVEN that the forty-ninth annual general meeting of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg on Monday, April 6, 1987, for the following business:

- To receive and consider the annual financial statements of the company for the year ended February 28, 1987.
- To elect directors in accordance with the provisions of the company's articles of association.
- To consider and, if deemed fit, to pass, with or without modifications, the following resolutions as an ordinary resolution:
 - To alter and amend the articles of association of the company, so that the preference shares of 10 cents each in the capital of the company, at par and with no voting rights, shall be entitled to participate in the dividends and upon such terms and conditions as they may determine.
 - To alter and amend the articles of association of the company, so that the preference shares of 10 cents each in the capital of the company, at par and with no voting rights, shall be entitled to participate in the dividends and upon such terms and conditions as they may determine.

Holders of shares are requested to bring with them to the meeting a copy of the company's articles of association and a copy of the notice of the meeting.

By Order of the Board
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Luxembourg
March 31, 1987

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US\$50,000,000

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The rate of interest applicable to the interest period from 31st March up to 30th September 1987 as determined by the reference agent is 6 1/2 per cent per annum, namely US\$171.56 per note of US\$500,000.

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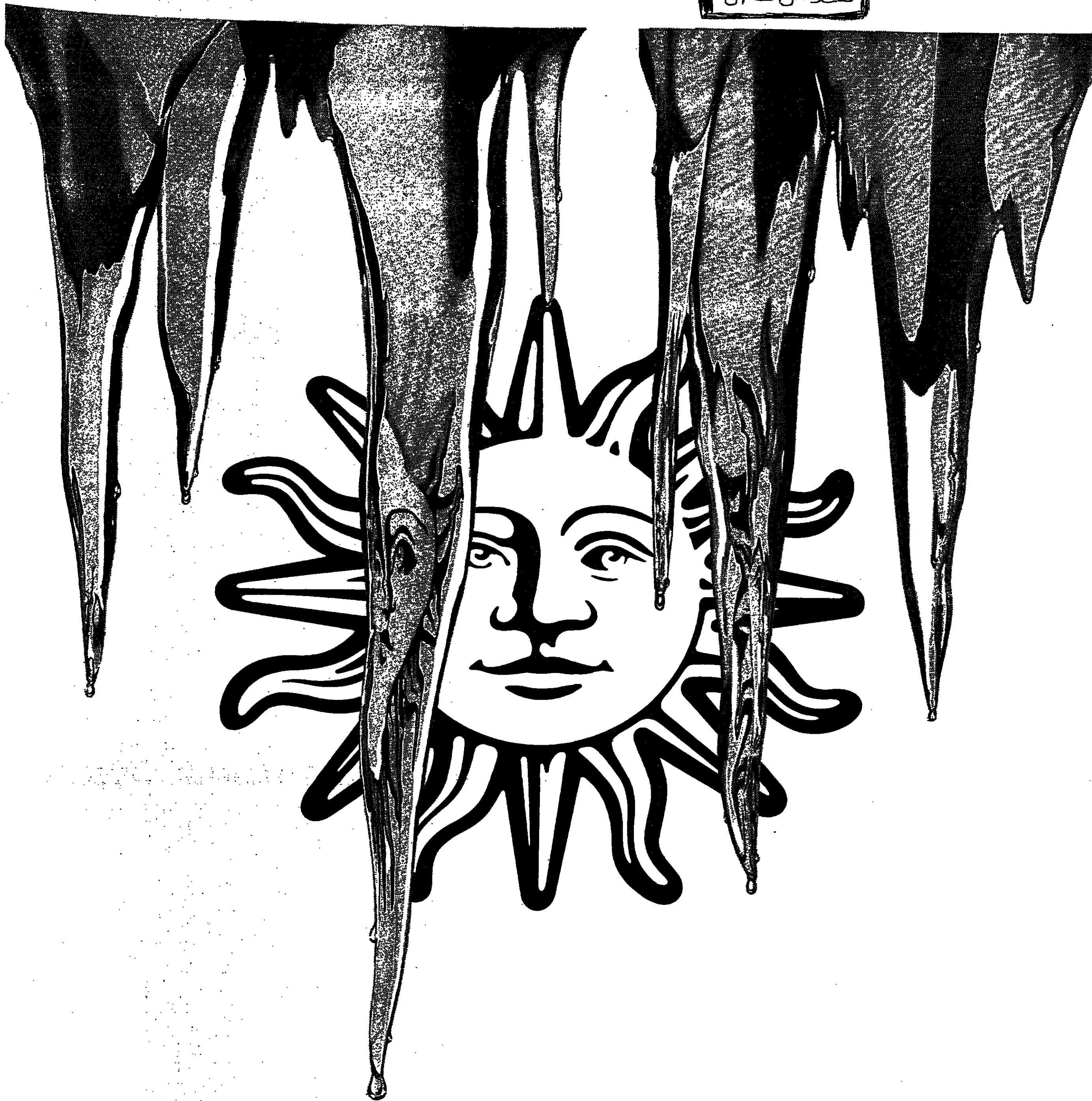
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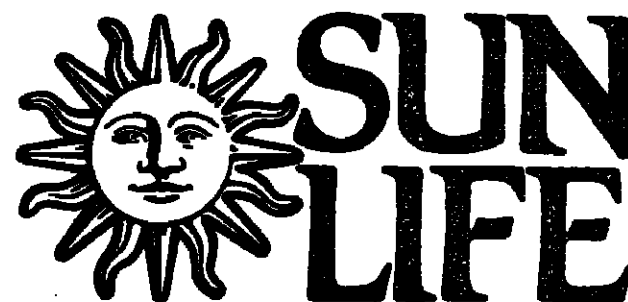
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BRINGING INVESTMENT TO LIFE

FINANCIAL TIMES SURVEY

International electronics companies have created many of the 45,000 jobs in Scottish plants but an indigenous industry has been slow to develop. A stronger enterprise culture capable of taking advantage of the opportunities available is still needed, James Buxton, Scottish correspondent, argues.

Spin-offs for entrepreneurs

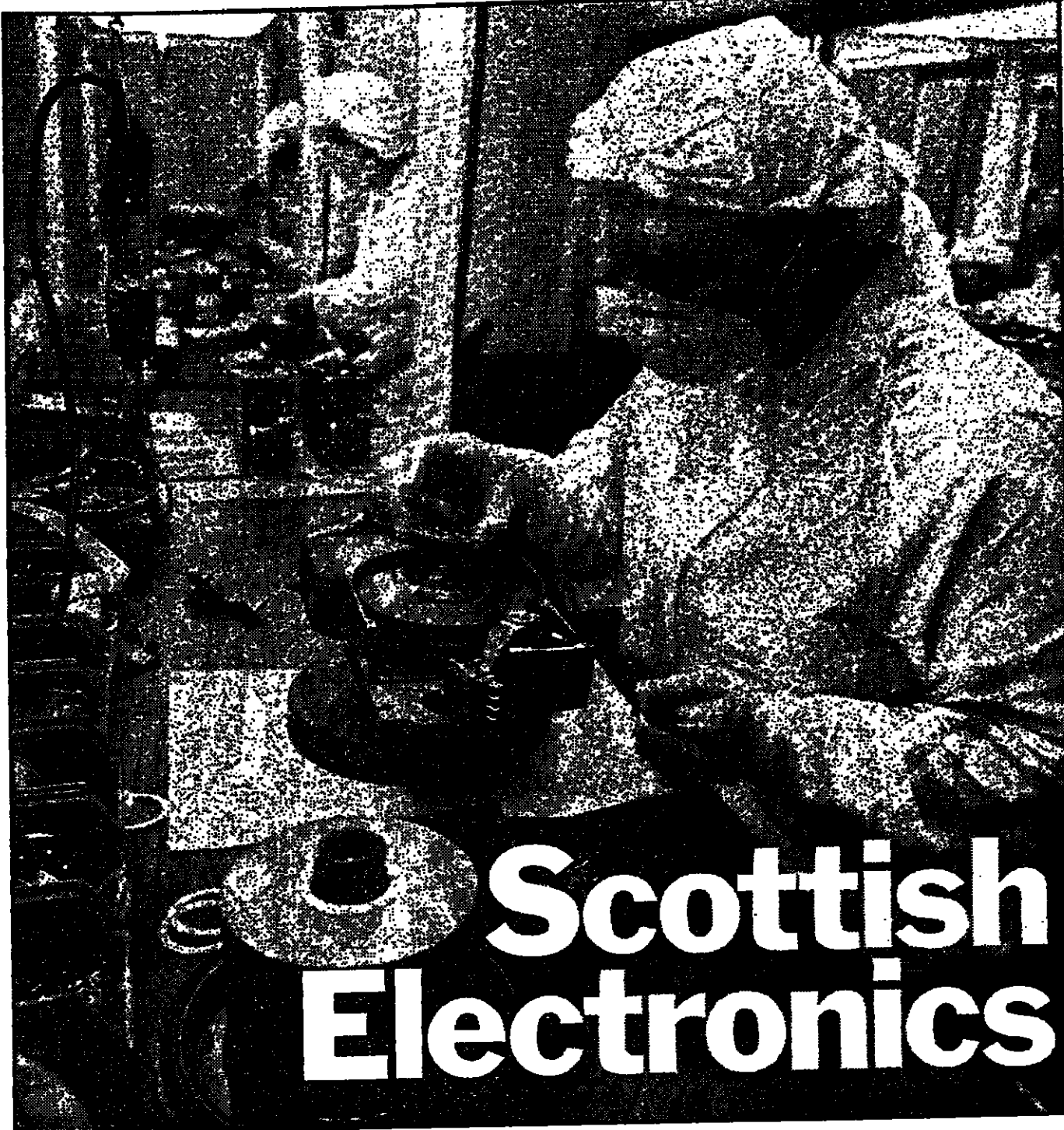
IF ONE of the great 19th century barons of Scottish heavy industry were to return to Scotland today, he would be astonished to find that data processing equipment is now the country's largest single export. And he would be amazed to find that familiar smokestack factories were being replaced rapidly (but not painlessly) by clean, silent electronics plants, often set in fine unspoiled countryside. The growth of the Scottish electronics industry has been one of the few big successes for the Scottish economy in recent years. Building on a base established during the Second World War by Ferranti and developed by early post-war arrivals such as NCR and IBM, Scotland has in the past few years gained many of the world's leading makers of data processing equipment and semi-conductors. IBM manufactures its personal computer at Greenock and the ranks of computer manufacturers—which already include Digital, Wang, Unisys

and Honeywell—are shortly to be increased by IBM's new rival, Compaq. This rapidly growing computer manufacturer is to set up a plant on a greenfield site at Erskine near Glasgow, after a campaign by the Scottish Development Agency against strong competition from West Germany and France.

Scotland can also claim to produce more semi-conductors per head of population than any other country in the world, thanks to the presence of Motorola, NEC, National Instruments and Burr Brown.

Had it not been for the presence of nearly 350 electronics companies, Scotland's manufacturing output in 1985 would have been drastically below that of 1979. But because of the value of output in the electronics sector, Scotland's total manufacturing output just got back to its 1979 level by 1985. It was however an increase achieved without a corresponding rise in employment. Although the issue of employment in the electronics industry is bedevilled by questions of definition, the Scottish Office reckons that in 1985 the industry employed 43,800 people, which was only 4,500 more than the level achieved in 1978, and 900 lower than in 1984.

As the world electronics industry moves out of the 1980-85 recession and spare capacity is taken up, employment should rise slightly. Economic Development Briefing, a London consultancy, recently predicted that US companies would create 3,700 new jobs in Scotland by the end of 1989 both through expansion projects, some of which are under way and new arrivals. But anyone still looking to electronics to make up for the enormous job losses in other manufacturing industry will be disappointed. What has happened over the past few years is that Scotland has succeeded in attracting a major share of those US and, to a lesser extent, Japanese companies which for reasons of convenience or protectionist pressures have decided to establish manufacturing operations in Europe. The factors that induce a company to choose a particular location vary widely but preference for English-speaking coun-



Disc drive production at Rodime's Glenrothes plant

tries tends to steer US and Japanese companies to Britain or Ireland. Since all development areas provide grants, final location decisions are likely to be made on other grounds, and Scotland may well benefit from its strong educational and research tradition in electronics, and, to an increasing extent, from the fact that so many companies are here already, providing both an appropriate environment and visible reassurance that electronics companies flourish in Scotland. Factors like these are emphasised by the Scottish Development Agency whose Location in Scotland operations—run jointly with the Scottish Office—was considered by US electronics companies in the Economic

Development Briefing survey to be the most professional of 25 European development authorities. Anyone who visits the vast IBM complex at Greenock, where some £250m has been invested over the past seven years and there are no Americans at any level in the 2,800 strong workforce, is rapidly disabused of any idea that inward investment automatically means fly-by-night plants with fragile roots run by foreigners. Though IBM does not design products at Greenock, it does develop manufacturing processes there which are used in other plants in the group. Yet despite the valid claims made for Silicon Glen—which can be defined as the electronics establishments or as the central belt of Scotland, an area 70 miles long and 40 miles deep—the Scottish electronics industry has not done all that was expected of it.

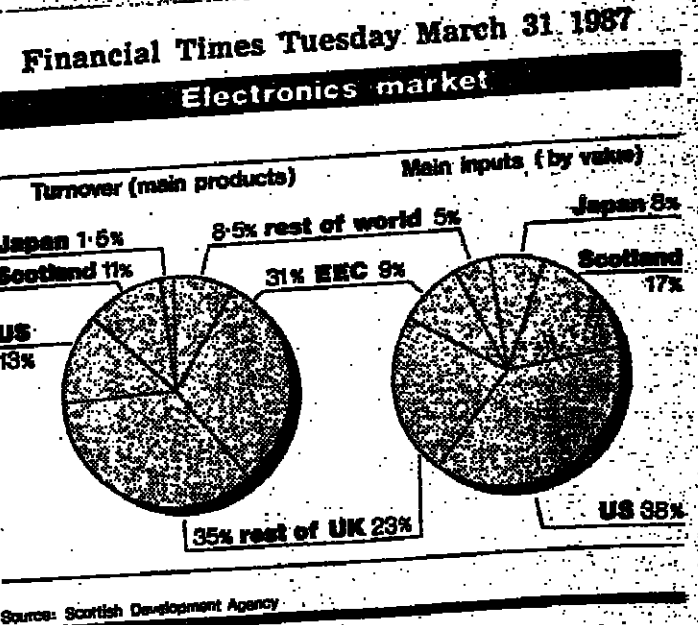
The aim, as expounded by Mr George Mathewson, chief executive of the SDA, was that the growing presence of multinational companies would create a powerful indigenous Scottish electronics industry which would supply the major companies with components, while little groups of men and women would spin off from the big plants and set up their own operations. In fact only 17 per cent (or £350m to £380m worth) of the major companies' main inputs are sourced in Scotland and the proportion drops to only 12 per cent when all inputs are included. More than half their inputs come from outside the UK. The Scottish-owned and managed sector of the industry represents just five per cent of the labour force, with other UK companies, including Ferranti (employing about 8,000 people) and Marconi, both mainly in defence electronics, accounting for a further 20-25 per cent. There are several fairly small Scottish electronics companies, such as Office Workstations and Fortronic, but only one relatively big one, the successful Rodime whose sales are around the £100m mark.

Mr Bill Miller, managing director of Prestwick Circuits, a Scottish company which makes printed circuit boards, points out that the incoming companies usually come to Scotland to make products designed in the US. "Their managers are expected to perform and one way to do that is to keep their sources of supply in secure hands—the ones they know," he says. The US multinationals do not develop products in co-operation with their suppliers in the way they would in Massachusetts or California, he claims. And he argues that as each multinational has very different technical requirements, it is not always economic for a company of Prestwick's size (about £20m turnover this year to gear up to meet the demands of a wide range of customers. However, Mr Bob Beatty, the assistant plant manager for IBM at Greenock, believes that Scottish and other UK companies should have the courage to invest in new production lines and raise their standards to meet IBM's exacting requirements. The company's policy, he says, is to buy inputs from Scotland first, then from the rest of the UK, then from the EEC, and finally from the US. It does in fact get from Scotland just over half of the almost 50 per cent of its inputs that

come from the UK, but these include fairly mundane items such as packaging and instruction manuals. Mr Alastair Macpherson, head of the SDA's electronics division, says that "the potential for internally generated growth (in the Scottish electronics industry) is an area of concern." He puts some of the blame on cultural attitudes that discourage entrepreneurship among the "graduate strata of the population."

He points out that although some of the incoming companies do a fair amount of research and development in Scotland, very few of them carry out marketing from their Scottish plants. This means that there are not many executives in the multinationals who know the full range of the business, so that they are in a poor position to set up spin-off operations outside the company. Significantly, Hewlett-Packard, which designs and manufactures telecommunications testing equipment at South Queensferry near Edinburgh, does its own marketing and has spawned some spin-off operations. The managing director, Mr Finlay Mackenzie, a Scot born in the Outer Hebrides, believes in the "critical mass" theory. "People do leave here to set up on their own, but perhaps not enough," he says. But, he adds, "a virtuous circle is beginning with companies like us."

Mr Jim Martin, of Investors in Industry's Edinburgh office, says he knows of several situations where managers in a company could buy out certain operations, currently given only medium priority, with the approval of their parent organisations. He calls it the sponsored spin-off concept. Investors in Industry is setting up a £50m fund to finance management buyouts in Scotland and is to hold confidential briefing sessions for managers considering doing so. He believes that the answer to the problems of the electronics industry lies in promoting an enterprise culture more vigorously in Scotland.



Scottish companies

Small fry need more support

SILICON GLEN, says Mr Bill Miller, managing director of Prestwick Circuits, is not like Route 128, the highway near Boston along which are clustered dozens of small to medium sized electronics components makers and software companies who collaborate very closely with the major manufacturers and assemblers. In Scotland, he says, there is often a wide gulf between the major companies and smaller fry. "You can see why more managers don't get out and do their own thing—they don't get support from their (potential) customers." And he argues co-operation between major manufacturers and their suppliers is probably better in the south of England, where, he says, there are more indigenous electronics companies such as GEC which are more disposed to help their smaller competitors. Nevertheless, there is an important substratum of Scottish-owned companies and a number of them, some of which are looked at in this article, are reasonably successful suppliers to the big manufacturers.

Altogether the Scottish Development Agency reckons that 41 per cent of all manufacturing companies in the electronics sector are Scottish-owned but their employment amounted to only 3,000 out of total Silicon Glen employment of about 44,000. 27 of these have fewer than 50.

The example which the SDA would like to see emulated more often is Rodime. Rodime was formed in 1980 by three Scots and one American who broke away from Burroughs to develop and market their own designs of rotating disc memories for use in personal computers.

The company began with venture capital financing and when it first went public chose the US over the counter market though it is now also quoted on the British Stock Exchange. Each brought out new rotating disc memories that differ in capacity but have consistently become smaller in size.

They are incorporated in the products of Apple (which takes 25-30 per cent of its sales), Apricot, Olivetti, ICL, Philips and others, but the list does not include IBM. Rodime employs 600 people at Glenrothes. Since 1984 it has also had a factory at Boca Raton in Florida (employing 200) and is now gearing up a plant in Singapore—a necessary development, the company believes, if it is to compete with products coming out of low wage cost plants in the Far East. The Singapore plant will manufacture components for the Glenrothes facility to assemble.

Rodime achieved powerful rates of growth until last year. Between 1982 and 1985 its sales, measured in sterling, went up from £4m to £75.8m. But in the year to September 1986 growth in dollar terms was only marginal (rising from \$95.6m to \$97.6m), but as a result of exchange rate changes it fell in sterling terms from £75.9m to £66.2m even though volume was up 26 per cent. The final result was a loss of £2.74m. Rodime said at the time that its longer-established products were suffering from tough competition and tight margins at the commodity end of the market.

But Mr Bill Batchelor, the Scottish finance director, says that the recovery will be based on new products in the volume market place. "We've usually been a little bit ahead of our competitors and we've got a reputation for understanding the business," he says confidently. Scotland is Rodime's location that is what its executives insist. It takes less than 10 per cent of its inputs from Scottish component suppliers and only 30 per cent from the whole of Britain. It has only one Scottish customer, Apricot, also based in Glasgow. Nevertheless, it appears wedded to Scotland.

Mr Derrick Rumpstead, managing director of Exakta, which manufactures printed circuit boards (PCBs) at Selkirk in the Borders, does not consider his company to be part of Silicon Glen though the definition of the term is loose enough to include it, yet more than a third of its customers are in Scotland.

An Englishman, he was sent to run Exakta by STC but almost immediately became involved in what turned out to be a successful management buyout of the company from its parent. Since April 1986 Exakta has been a free-standing company owned by its management and institutional investors in London and Scotland.

Exakta considers itself to be in the high-tech end of printed circuit board manufacturing, making multi-layer boards to the designs of its customers, usually the multinationals. In the first eight and a half months of its separate existence—up to the end of 1986—Exakta had sales of £12.6m and a net profit of £214,000. The turnover on an annualised basis is put at about £17.5m and this year Exakta is hoping to go up to £20m.

It also expects an improvement in profitability. At present it sells 55 per cent of its output in Scotland (to IBM, Hewlett-Packard, DEC, Wang and others), 17 per cent to the rest of the UK and 28 per cent to the EEC. Exakta is introducing just-in-time methods of production and delivery. This means working very closely with customers to meet their supply requirements in precise quantities exactly when they are needed, thus eliminating wasteful inventories. Other Scottish manufacturers are doing the same thing, and the SDA is making a major effort to persuade companies to adopt just-in-time methods.

Both the SDA and component manufacturers are intensely aware that as the use of IT becomes more widespread the number of suppliers each major company will use is likely to be reduced. So it is extremely anxious that the introduction of just-in-time methods should be successful.

"The jargon in the industry is 'Just in Time'," Mr Miller of Prestwick Circuits comments, "but only a few companies understand what it means. We are trying to implement it, but you can't do it overnight."

Prestwick is now recovering from the effects of the recession which caused it to lose £2.2m in the year to 31.3.1986 on sales that were sharply down from £18.95m in 1984-85 to £14.94m. But the company now says it is trading at an annual level of about £20m.

James Buxton

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Semiconductors

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ANY DAY of the week, large consignments of lightweight packages are shipped into and out of a string of plants across Scotland's central lowlands. They may be going virtually anywhere in the world, and they may have come from equally far-flung places.

The bits and pieces inside may, indeed, have left one of the plants involved in one shape a few weeks before and come back in another. For this is the semiconductor industry, the most global business mankind has ever known, and one in which international economies of scale are virtually a condition of existence.

The cross-flow of components which is an intrinsic part of semiconductor production points both to the strength and the weakness of the Scottish industry. On the one hand, Scottish production has become a virtually indispensable resource for the big multinationals which dominate this business, a vital link in the chain of manufacturing.

On the other hand, the Scottish plants remain only an adjunct of larger organisations, with little or no control over the most crucial decision-making processes of the companies to which they belong.

None of the large-scale producers in Scotland is an indigenous manufacturer, with a role in the region, and hardly any of them are willing to furnish details of their financial situation in terms of sales or profitability.

A little over a year ago, the fragility of this satellite structure was illustrated at General Instrument Microelectronics, a Scottish manufacturing subsidiary of the US General Instrument group, which announced that it was closing its plant at Glenrothes in 1987 with the loss of 120 jobs.

Hit by a string of poor results, GI decided to pull out of Scotland as part of a general restructuring move outside its home base in the US—evidence that when the chips are down, the headquarters of a multinational tend to count far more than the outlying subsidiaries.

Despite this inherent weakness in the Scottish semiconductor industry, however, the area has shown a steady ability to attract new outside investment in this sector for the best part of 20 years. As a consequence it is well advanced in

the process of building up the infrastructure of skills and services that are bound to influence future development decisions.

Even satellite semiconductor plants need a strong base of engineering design skills, and producers in Scotland have found that the local universities produce high quality engineers of the type they need. "We used to have a milk round of the English universities, but we no longer do that," says Mr Llew Ainslie, personnel director at National Semiconductor in Greenock.

"The Scottish universities have always had a strong engineering tradition, and that appears to have been transferred to modern technology."

This supply of qualified personnel may become more important in the years ahead because of the trend towards semi-custom chips, or ASIC (Application Specific Integrated Circuits). By 1990, some forecasts suggest that ASICs will account for about a quarter of the UK and European markets because of their ability to give users a tailor-made design at relatively cheap prices—the chips are made to a largely standard format which is then customised to individual needs.

ASICs do, however, demand additional design skills, often provided by the semiconductor manufacturers in special units which customers can use to put together the chip design they want.

Scotland has also developed a substantial back-up service structure which means that producers can find virtually anything they want on their own doorstep. With the arrival two years ago of a Japanese silicon manufacturing group, SEH Europe, a subsidiary of Shin-Etsu, the region is now on the point of embracing the whole semiconductor manufacturing cycle locally, from the production of the silicon crystals, to wafer fabrication and assembly and testing of the products.

At present, SEH is working out of a two-storey pilot plant and is only slicing and polishing imported silicon, but it is planning a £35m expansion over the next two years that will turn it into a fully integrated silicon producer and expand its workforce from around 75 to 350.

Other elements in the infrastructure are a variety of companies supplying the chemicals, solvents and gases that go into



High-speed Teradyne board tester, part of Honeywell's computer manufacturing division at Newhouse, Strathclyde

the production process, and groups which sell manufacturing equipment. Tegal, for example, the Motorola subsidiary, has a plasma etching business in Livingston, which supplies and services machinery imported from the US. MTL Microtesting has a similar facility for test and burning equipment.

In total, the semiconductor sector is reckoned to employ about 5,000 people directly in the region, with a further 5,000 in companies which provide equipment and support services. Over the last two years, these numbers have been under pressure from the world-wide slump in the semiconductor industry.

Even though demand has held up relatively better in Europe than in the US and Japan, manufacturers are so integrated on a world scale that Scottish production is by no means sheltered. As a consequence there have been layoffs and some investment delays.

Nevertheless, the next few years are likely to see healthy expansion, due both to the continuing growth of the market and the desire of semiconductor manufacturers to be close to their markets.

The Japanese, in particular, are now moving into Europe in greater numbers, and as they expand are likely to seek more and more local production as a means of avoiding tariff bar-

"THOSE WERE the decisive factors 30 years ago when we went to Greenock. We found an engineering skills base, in the wake of the decline in shipbuilding, and the tight mix of quality suppliers. Over the years we made investments that cumulatively amount to £250m. And we haven't regretted it."

This glowing endorsement of the experience of making computers in Scotland did not come from any old data processing company. It was made by IBM, the world's largest.

Mr Kaspar Cassini, head of IBM throughout Europe, gave his account of the company's Greenock plant to the members of the American Chamber of Commerce at the London Hilton earlier this month.

IBM's Greenock plant has steadily expanded and now employs 2,800 people. It is the company's European centre for the manufacture of personal computers and also makes display terminals for IBM systems. About 85 per cent of its output is exported.

IBM is not alone among American computer and information technology companies in choosing Scotland for a major plant. Digital Equipment, Unisys, NCR, Hewlett Packard, Honeywell and Wang are among the groups which have also set down manufacturing roots there.

But the best news for Scotland on the computer front in the past year concerned a relative newcomer to the ranks of American computer heavyweights—Compaq Computer, the Houston-based company founded only in 1982.

Compaq chose Erskine, near Glasgow for its manufacturing base which could be employing 350 people by 1990. Highly professional wooing by the Scottish Development Agency—it had targeted Compaq as little as a year after the company's foundation—helped tip the balance in Scotland's favour. So did the market logic of being in the UK, Compaq's best prospect in Europe at the moment.

Compaq's decision signified more than yet another inward investment victory for Scotland, important though that was for an area of continuing high unemployment. It signalled confidence in Scotland by one of the success stories in what is arguably the most cut-throat battle for investment in the personal computer war.

Compaq has been in the thick of the struggle involving IBM and the often young computer companies which have launched PCs compatible with the IBM standard. Compaq has been well out of this mass so-called "clone" war: it has been one of the world's fastest growing computer companies ever since it was founded.

Moreover, unlike many other of the combatants, Compaq has been prepared to innovate ahead of the rest of the pack, including IBM.

Compaq's move helped offset the fallout from Scotland from one of the major computer industry developments of last year, the merger of Sperry and Burroughs to form the new computer giant Unisys. Unisys immediately set in train a worldwide review of its new empire: one of the consequences was the closure of its computer factory at Cumbernauld, which made small mini-computers with the loss of 360 jobs. Unisys has another facility at Livingston.

However, the more common experience among American computer companies in Scotland has been of steady growth. For instance, Digital Equipment Corporation, the third largest computer manufacturer in the world, is expanding its Ayr plant, which now employs about 1,000 people making low end machines in DEC's mini-computer range, at the rate of about 90 jobs a quarter.

The Scottish Development Agency reckons the data processing industry has now reached critical mass, where growth will be self-sustaining.

One complaint, perennially directed against all forms of inward investment, is that not enough components are sourced locally. The foreign companies in the main take this charge seriously.

Some claim to source a lot of components locally already—by which, they may mean from the

Data processing

Plea for local components

rest of the UK or even Europe. Others echo the sentiments of Mr Finlay Mackenzie, general manager of Hewlett Packard's telecommunications division at Queensferry, who talks of "a wind of change" sweeping through company policy which has led to more sub-contracting.

"We were vertically integrated until a few years ago, but now the things we don't add much value to, we expect to do outside," he explains.

Perhaps a more telling charge is that many of the inward investors do little research and development in Scotland.

A few operations, like Hewlett Packard's Scottish telecommunications plant, which makes equipment to test telecom systems, are the world centres for a particular product in the parent's portfolio. In such cases, design and research and development tend to be carried out in Scotland, along with manufacturing.

However, these are the exceptions. "The Scottish electronics

scene is very hardware-dominated and is comparatively weak in advanced software," says Mr Jim Howe, who heads the artificial intelligence department at Edinburgh University, widely recognised as a European leader in artificial intelligence, which is at the forefront of research in the computer industry.

His department has set up an institute which works with companies to help translate artificial intelligence research into industrial applications. But most of the take-up has been from companies based south of the border or in Continental Europe.

Of the big foreign-owned computer companies with plants in Scotland, Professor Howe says: "We've had very little contact with these companies so far."

This is to say that software in Scotland is relatively isolated from the hardware side of the business—not that Scotland lacks a software industry.

On the contrary, a recent survey by the Scottish Develop-

ment Agency revealed about 250 software companies employing about 7,500 workers. In the central belt between Glasgow and Edinburgh, there is a software valley to add to the silicon glen. These figures surprised even some software professionals in Scotland. The Scottish Software House Federation has now been set up to help increase the visibility of the industry.

By chairman, Dr Peter Palmer, who runs Spider Systems, a software house specialising in networking, argues that government aid projects, such as the Alvey programme, have tended to miss out the smaller software houses.

This is a complaint also heard from the rest of the UK industry, but Dr Palmer says it applies particularly acutely to Scotland. If the Scottish software industry manages to develop further, then Scotland will soon be able to boast a fully integrated electronics industry—through components, to hardware and software.

David Thomas

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• AVIONICS

Export Tornado success

Contracts worth several million pounds have been received by Ferranti Defence Systems from British Aerospace, Military Aircraft Division, for video recording systems and associated ground replay facilities. The contracts, for export Tornado aircraft, were won by the company's Edinburgh-based Display Systems Department against stiff international competition.

The video system monitors displayed data from the aircraft's radar and navigation display and the pilot's view overlay with head-up display symbology. After each flight the video tape is immediately available for use in debriefing to assess

the effectiveness of the sortie and the crew's performance—a valuable aid to training and mission planning. Following the GB3 order announced in November this is the second major contract to be won by Ferranti in which multiplexing of both monochrome and colour video signals into a composite video signal is required.

Ferranti is now firmly established as a world leader in military video recording system technology. The company is able to offer a comprehensive capability ranging from cameras and recorders to multiplexing equipment, ground replay systems and special-to-type test equipment.

• CAD/CAM

Largest CAM-X system

Dowdy Fuel Systems of Cheltenham has ordered one of the largest CAM-X workstations, valued at £200,000, from Ferranti Infographics, Livingston.

This current order from Dowdy, a leading company in the design of advanced aircraft engine systems, pure air systems for infra-red detection and torpedo propulsion systems—brings the total number of full colour, high resolution workstations to fourteen. A further nine workstations, to be added later this year, will make this site the largest networked

CAM-X system in Britain. After careful evaluation of a number of competing systems, the Ferranti Infographics CAM-X was selected because it was the only one to offer a highly efficient 3D solid modelling and, most importantly, the drawing control software module—ERMS.

CAM-X is a modular system which expands with customers' requirements, a major reason why Dowdy has made it the company's draughting standard.

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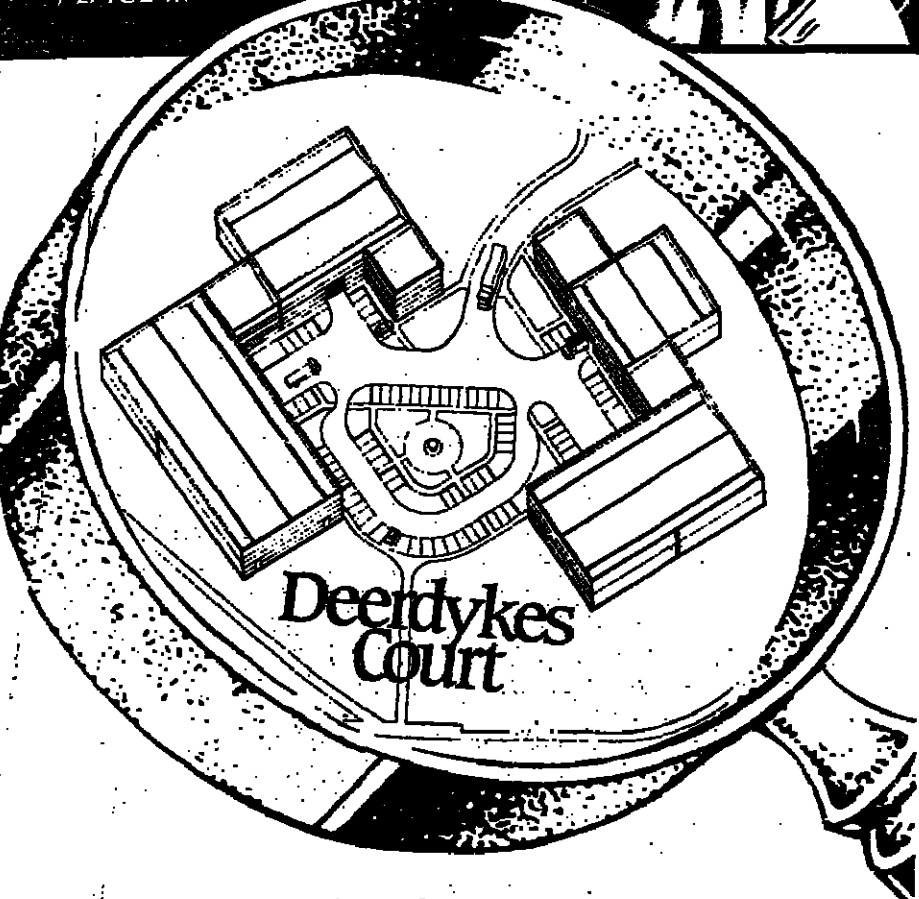
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TECHNOLOGY

Tailor-made formula for UK electronics efficiency

Peter Marsh looks at how smaller companies could make better use of custom chips

SMALL and medium-sized companies in the electronics industry can reduce costs and increase the reliability of their products through the use of custom microchips. The circuits, also known as application-specific devices, can be turned out quickly using advanced chip design and manufacturing techniques, and are making rapid inroads into the world's \$1.5bn market for integrated circuits.

These conclusions come from a UK Department of Trade and Industry report into the use in Britain of custom microchips. Yet to be published, the study by Michael Shortland Associates, Guildford-based consultants, says that Britain has a lead in Europe in applications of the circuits. It warns, however, that this advantage could slip unless the Government boosts awareness of custom chip techniques within British industry.

According to the report, about 4,000 small- to medium-sized companies operate in the UK electronics business. Of these roughly three-quarters employ fewer than 100 people. "We are convinced that custom integrated-circuit technology could have a significant influence on the profitability and competitiveness of the vast majority of these smaller companies," says Michael Shortland Associates.

"Customers of these companies will also benefit through enjoying products purchased at lower prices (and) featuring better quality."

Custom chips account for about one-eighth of the total world market for integrated

circuits, and the proportion is increasing rapidly. Unlike conventional, or standard, microchips such as microprocessors or memories, custom products are built to suit the needs of a specific user.

In the past, due to the difficulty of designing a new circuit in silicon, the prices of such chips were prohibitively high for most companies. Also, lead times were too long. As a result, custom chips have traditionally been suitable only for specialist and high-value applications, such as in military equipment.

In recent years, however, a new generation of software techniques has enabled engineers to design chips using desk-top scientific workstations, made by companies such as Sun and Apollo, or personal computers, from manufacturers like IBM and Olivetti.

"The designs are converted to products using chip manufacturing equipment, such as electron-beam lithography systems."

According to the report, use of custom chips, compared with applications based on standard components can cut manufacturing costs substantially. For

example, one electronics company told the consultants that by using custom technology it had reduced the electronic innards of a product from four printed-circuit boards to one—in the process cutting the production cost from £500 to £180.

The consultants say that the reduction in size of products, for instance, by using one custom chip instead of several standard devices, can prove beneficial. "Completely new concepts of miniaturised products have been made possible by the use of custom integrated circuits—hand-held transceivers, telephone beepers, musical instruments and security devices are just some examples of such products."

Better performance is also important. One company reported that with custom techniques it increased the speed of a logic circuit tenfold compared to the comparable standard type of device.

In the UK, custom-chip design and production services are offered by several dozen companies, many of them subsidiaries of big overseas-based electronics groups, including Texas Instruments, VLSI Technology, Thomson, Fujitsu, NEC, Hitachi and National Semiconductor.

UK-owned companies which offer such services include Plessey, Ferranti, Racal, Newmarket Microsystems, Qudos and Wolfson Microelectronics.

Small firms designing their own chips can either rent software from the supplier and use their own computer systems

World Market for Integrated Circuits			
	Total \$m	Standard \$m	Custom \$m
US	2,459	6,499	1,995
Japan	1,852	7,598	866
West Germany	1,182	848	142
UK	989	769	149
France	684	536	81
Italy	399	300	45
Total	21,446	16,519	2,374

Source: Dataquest, Macintosh, Bulmer Cox

FOUR-PRONGED ATTACK BRINGS PRODUCT IMPROVEMENTS

DESIGN and production of custom chips involves four main techniques. In the most popular of these, a designer builds up blocks of circuitry, using computer-aided design techniques, on a simple form of chip called a gate-array.

Once the design has been completed and simulated in the computer, to ensure it works correctly, it is converted to a mask, a sheet of material with lines etched in it to mark the positions of circuits. This is then used in the processing stage.

The three other types of

custom chips include: standard cell techniques, in which the engineer produces a circuit design using a library of standard groups of circuits; programmable logic arrays, which use chips based on links between different circuits that can be fused to provide different functions; and full-custom devices, which involve a more laborious development of circuits that can be fused to silicon. Costs are relatively high and this type of circuit is normally used only in products turned out in low volumes.

pany to bring products on to the market more quickly, and ahead of the competition. It can take as little as a few days to complete a custom design using the most modern software methods. And to obtain a prototype chip using custom methods may take only six to eight weeks.

Costs include a one-off service charge, which can be anything from nothing to several tens of thousands of pounds, depending on the type and complexity of the chip. On top of this are extra charges for each circuit that is produced. The cost per chip is normally between £5 and £15.

A key element to the custom chip industry is that circuits can be turned out quickly and in small batches. That gives a small company the chance to try out a small number of chips, perhaps in a prototype machine or a radio receiver for example. As a result, use of custom circuits may help a com-

pany to bring products on to the market more quickly, and ahead of the competition. It can take as little as a few days to complete a custom design using the most modern software methods. And to obtain a prototype chip using custom methods may take only six to eight weeks.

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Why a big production needs to be made of British expertise

LAST NIGHT the eyes of the world's media were on Hollywood where this year's Oscars were awarded. There were, however, few nominations for British creative achievements that would justify Colin Welland's famous cry—when collecting an Oscar for *Chariots of Fire*—"The British are coming."

Despite the current euphoria about rising cinema attendances in the UK, the industry would seem to have little else to celebrate—with film production in the doldrums and the major studios almost empty.

But there is good news on the technical front. With great consistency, Britain collects numerous craft and technical awards at the Hollywood ceremony—and this year's nominations include mentions for camerawork, visual effects, sound-effects and make-up. Three technical achievement awards for Britain were announced ahead of the Oscars some weeks ago. They were for a cinematographer's computer program (David Samuelson and W. B. Pollard), flicker free discharge lamps (Lee Electric) and an aerial image optical system (Oxford Scientific Films).

In the craft and technology areas of film production, Britain, together with the US, remains one of the world's leaders. Indeed, unusually in these days of Japanese domination, one UK company—Rank Cintel—claims between 60 to 70 per cent of the world market for one particular piece of film industry equipment, the telecine machine.

Rank Cintel's business has been fuelled by the video boom, which has required tens of thousands of films to be transferred to videotape via telecine equipment. Where once a telecine machine was little more than a film projector with a television camera pointing into the lens, it is now a sophisticated piece of high-technology equipment. During the film-to-tape transfer it is able to make colour and framing adjustments, eliminate the visibility of scratches on the film, and even stretch or compress the running time by as much as 25 per cent without changing the speed of subject movement. The sound track can be similarly processed without changing the pitch of sound. These

are crucial facilities for a video distributor who wants to put a 100 minute feature film on to a 90 minute cassette.

Rank Cintel's only rivals in this field are Bosch of Germany, and Marconi of the UK. Rank estimates that world demand for telecine equipment is between 80 to 100 units a year, with machines costing up to £250,000 each.

Rank Cintel is part of the diversified Rank Organisation—but even so it is adding other product lines to lessen dependence on telecine technology, which currently accounts for two-thirds of its business. Apart from related television equipment—such as Slidefile, which provides television news rooms with electronic storage and instant access to still pictures—Cintel is now moving into

FILM AND VIDEO

by John Chittlock

microform document storage systems based on video retrieval techniques.

Concern about limited opportunities in the feature film business has also forced another major British name in the industry—the Samuelson Group—to extend its traditional business boundaries. In the 1960s and 1970s Samuelson dominated the business of servicing feature film production around the world—providing rental cameras, lighting equipment and an extraordinary range of innovative systems to make the technician's job easier or the end result better.

However, with the erratic state of the industry, and fierce competition from another British group—the fast-moving Les International—Samuelson has spread into other, new and expanding areas of media business. It has subsidiary companies servicing anything from teleconferencing to corporate video, concert production facilities to television technical consultancy.

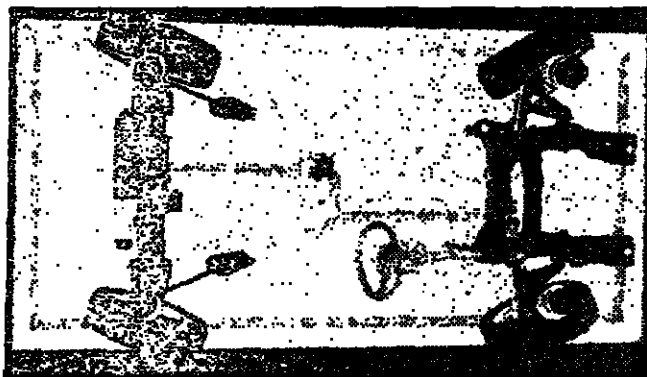
The activities which currently plague the technical and craft side of Britain's film business are expressed poignantly by Sydney Samuelson, group chairman. He tells of one highly

experienced freelance camera operator who last week had one day's shooting for a TV commercial—only his fourth day of work this year.

The pressure to diversify in a business based exclusively on equipment rental is evident in the Samuelson range of camera lenses needed to satisfy choosy customers—for 35mm film cameras alone, the company currently carries 27 different types in 54 focal lengths, plus a further 27 types of zoom lens. The facilities of Les International are focused more on the traditional moving picture business. But the financial health of the company owes much to television work, especially for the BBC. Lee's acquisition of one of Britain's flagship film studios, Shagstone, has shown faith in the future of film production in the UK—with some justification, because studios such as Pinewood, Ealing and Shipperton have been closed for years. Lee's production of *East is West* has been a success. All but one of the James Bond series of films were shot at Pinewood and other box office successes such as *Superman* and *Rebel with a Cause* were filmed in the British studios.

Currently, however, Shagstone has only one feature production being filmed in its studios—plus four commercials and a TV short. In spread between two stages that demand rentals from £1,000 to over £7,000 per week. The story is much the same at most other British studios, although Ealing is doing somewhat better.

For the nation that pioneered photography and television, and was deeply involved in the development of cinematography, this lack of films in production presents a dilemma. Britain no longer manufactures movie and TV cameras and a handful of companies, excepted, its reputation in the industry is now based almost exclusively on services—technical, creative or administrative. With an upward in the use of moving picture distribution systems ready to suck every available foot of film into its vortex, that may not be a bad thing. But with the indigenous production industry in a depressed state, the service sector may find that it has no home market to be an international springboard.



Mazda four-wheel steering: At low speeds the wheels turn in opposite directions, giving a reduced turning circle and making it easier to park in tight spaces

Star turn in Mazda's line-up

BY JOHN GRIFFITHS

JAPANESE car producer Mazda is to make a four-wheel steering system available before the middle of this year. It will be offered on selected models in a new range of medium-sized cars.

The electronically-controlled system turns the rear wheels in the same direction as the front ones at speeds over 22 mph. At lower speeds the rear wheels turn in the opposite direction.

Mazda claims that, at higher speeds, steering response is faster and more accurate, with improved straight-line

stability. At low speeds, a reduced turning circle is said to make it easier for the driver to park.

It is also claimed to be fail-safe, in that if a malfunction develops, the rear steering rack will automatically lock in the straight-ahead position. The cars are to be introduced first on the Japanese domestic market. They are not expected to be launched in the UK until the end of this year at the earliest.

Mazda has yet to provide any indication of the likely price premium for the system.

Honda is also to demonstrate a four-wheel steering system next week, at its 380-acre former airfield site at Swindon, in the UK. This currently houses a test track and preparation centre for the Legend and Ballade models produced for the Japanese company by Austin Rover.

Prof Ulrich Seifert, head of research at Volkswagen, last week criticised four-wheel steering as offering no real benefit for the costs involved. Audi had developed, and discarded, such a system 10 years ago, he said.

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External Affairs Canada
Affaires extérieures Canada

One of the world's most successful oil, steel and minerals companies records another strong quarterly profit.

On 27 March, BHP announced its results for the third quarter ended 28 February 1987.

- Sales: A\$2.1 billion.
- Profit: A\$209.7 million.
- Dividend declared: Half Year dividend of 20 cents per share.
- Bonus Issue: A 1 for 5 bonus issue; will not qualify for May dividend.

This performance, excellent in itself, is all the more remarkable in the face of depressed world prices for natural resources.

Over many years, BHP has built up a portfolio of high quality resources—oil, coal, iron ore and other minerals—which we can bring to world markets at very competitive prices. The resulting strong financial base, combined with BHP's far-sighted management, gives BHP a significant role in the resource markets of the Pacific.

With continued re-investment in the modernisation of the steel industry, improving oil prices and cost-efficient minerals operations, BHP continues to be one of the world's most successful and profitable resource companies.

To better serve its customers' needs and to ensure efficiencies and growth potential, BHP

recently merged BHP Minerals and Utah International into a single business unit, BHP-Utah Minerals International.

Gold interests are being floated into a new company, BHP Gold Mines Limited and oil operations worldwide were combined in BHP Petroleum International.

THIRD QUARTER Results in Brief (Dec. 1986-Feb. 1987)

	Sales \$m	Net Profit \$m	Earnings per Share p
BHP GROUP	2115	209.7	16.2
Petroleum	446	98.8	
Minerals	697	95.7	
Steel	972	27.0	

Note: Sales revenues and net profits do not add to the BHP Group figures due to inter-group transactions and corporate items.

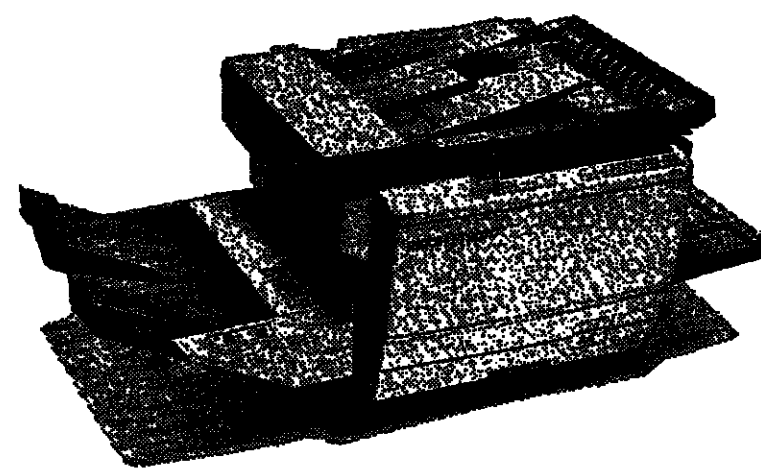
For further information: Investor Relations Dept., BHP, 33 Cavendish Square, London W1M 9HF.

BHP

Australia's International Resources Enterprise

McGraw-Hill 1251/UK

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**Nihon Keizai Shimbun (Japan Economic Daily)*

RICOH

MANAGEMENT Small Business

THREE Newcastle upon Tyne teenagers, Jane Cuthbertson, Lorie May and Marianne Shevills, at first wanted to set up a small company designing and making clothes. In the end they decided that because of their other commitments it made more sense to stick to clothing repairs and alterations.

In the seven months it has been going, Cheap Stitch, the name they chose for their venture, has prospered. By undercutting the competition and providing a fast and efficient service the three girls have built up a loyal clientele.

There are limits to growth, however. The work has to be fitted in between homework in the evenings, the promotional effort is limited to cloyed sheets on the school notice boards and at the end of the summer term they will probably have to wind up the company.

Despite these constraints, the three six-formers are enthusiastic about the experience of running their own business and 17-year-old Lorie wants to set up a dress-making company for real when she leaves school.

"I couldn't work for anyone else," she says. "I would feel I wasn't getting the full value for my work and that I wasn't being appreciated."

The three girls and five other groups of pupils at Rutherford Comprehensive in the West End of Newcastle are part of a nationwide attempt to inject enterprise into the school curriculum and create more self-reliant young adults.

In fact, so eagerly have government, educationalists and industry taken to the idea of enterprise that the schemes are proliferating at a bewildering rate. From being regarded as something hostile to the purity of the educational ideal, business has in the past few years come to be seen as an important part of the education process.

The ideas which have been developed in Britain are attracting increasing attention abroad from countries as diverse as Canada, South Africa, Italy, West Germany and Nigeria.

"In terms of developing enterprise learning systematically across the school curriculum, Britain is probably in the lead," claims Allan Gibb, director of Durham University Business School's small business centre.

Not that small business is synonymous with enterprise. It is just one element in a programme which also includes community projects and adventure training. But it is, in the view of many of those involved, the area which has most relevance to teenagers faced with a difficult jobs market and the need to earn a living.

"We use the experience of

In business at school

A lesson in enterprise

By Charles Batchelor



Partners in business: Lorie May, teacher Kathy Henderson, Jane Cuthbertson and Marianne Shevills

running a small business as a vehicle to develop social and life skills," says Cliff Johnson, who heads a programme for training teachers to run enterprise programmes at Durham University Business School.

"It has to be like that otherwise the teachers would not wear it. But in addition it gives the pupils, and the teachers, a degree of economic literacy. In some ways we might fire the imagination to start their own business when they are in their 30s or 40s. But we don't aim to produce mini-capitalists."

"The idea is to educate through enterprise and not for enterprise," notes Peter Howey, a teacher at Heston School, near Sunderland.

"The end product is to be enterprising, not to set up in business at 16. If they want to be self-employed that is a bonus."

"In Heston School the enterprise programme has helped create three pupil-run businesses, growing plants, making cakes and Easter eggs and designing posters."

Kara Blake and 14 other fourth-yearers set up Plantio to grow potted plants for sale or hire. The company has recently diversified into a delivery service supplying carnations and a hand-written message for occasions such as Valentine's Day and Mother's Day.

Kara estimates that the company has made a profit of about £40 but says the main benefit has been the boost to her confidence. "It brings you out,"

she says. "Before you wouldn't have dared speak."

Durham University Business School has been one of the most enthusiastic in its development of enterprise programmes. Gibb is a firm supporter of an idea he believes can reduce the high level of unemployment in the north-east and counter the region's dependence on factories controlled from far-away boardrooms.

With the backing of BSC Industries, which was keen to create jobs in areas where steel plants had shut down, and of National Westminster Bank, the business school devised enterprise programmes for schools; last year it went on to develop courses to train teachers for enterprise learning.

The training courses involved 64 teachers from 50 north-east schools last year but with the help of a £100,000 grant from NatWest it is to be extended to the 400 schools in the region over the next two years.

The whole enterprise programme is based on teaching by experience rather than theory. The teachers attend a six-day course, spread over three sessions and several months, to discuss what they understand by enterprise, talk to school children who have taken part in the programme and then go on to devise a project of their own.

They take their ideas back to their schools and pass on to their own pupils what they have learned about setting up a small company or a community

project. The last two sessions of the training course for teachers are spent evaluating progress.

The Durham teacher-training programme is also backed by the Manpower Services Commission and the Department of Trade and Industry and forms part of the MSC's nationwide programme, the Technical and Vocational Education Initiative. TVEI is intended to make learning a more active, practical experience. Pilot projects have been carried out in 95 areas over the past four years but it is due to be extended across the country over the next few years.

But the idea of using the world of business to broaden pupils' experience has been around for much longer than the Durham programme.

Young Enterprise, a privately funded educational charity with additional government backing, has been helping school children run their own businesses for nearly a quarter of a century. This year it has about 21,000 15- to 19-year-olds in the country more than 1,100 companies.

"Teachers are concerned with the development of personal rather than vocational skills," says Derek Jackson, director general of Young Enterprise. "Teachers can ignore the basic points about the creation of profit and wealth. We want to combine the curricular skills of the teacher with the practical skills of the businessman."

There is no doubt that this approach produces some very successful pupil-managed businesses.

UPEX, a company set up by 20 pupils from Dunsborough Upper School in Northampton to make desk and wall clocks, sold more than 700 and made a gross profit of £1,156 in the seven months in which it traded in 1985-86.

The company raised an initial capital of nearly £290 by selling 305 25p shares to pupils and friends. This paid for supplies of stainless steel, quartz movements and clock hands. UPEX carried out the cutting, shaping and engraving of the clock faces at a nearby factory of the Express Lift Company, a GEC subsidiary.

Before going into voluntary liquidation the directors and workforce of UPEX grappled successfully with problems of researching the market, promoting their products and overcoming substandard deliveries from a subcontractor and the bankruptcy of their packaging supplier.

But the Young Enterprise approach is not without its critics, who argue that it is too narrowly focused on business enterprise and that the companies which are set up display the attributes of a large company with large numbers of specialised managers and share capital funding—rather than those of a small firm.

"The aim is not to make them self-employed," counters Jackson. "We want to enhance their career prospects. Young Enterprise companies all have real products, real markets and produce real results. We enable young people to turn theory into practice."

But teachers must be trained to give the right amount of help without stifling the pupils' initiative. The girls at Cheap Stitch chose their own area of business but say they would have welcomed more advice on how to run the enterprise. The younger team at Plantio was happy to use an idea put to it by the biology master.

Despite such problems the success of in-school enterprise programmes has prompted the principle to be adapted to schemes for the unemployed. The Youth Training Scheme, a two-year scheme for 16 and 17-year-old school leavers, is to be given an injection of enterprise in the shape of the Entrain project.

Entrain, which has both private and public-sector backing, is currently being introduced around the country. Its aim is to help participants to carry out a community, business or adventure-oriented enterprise project.

Getting to grips with a debt problem

LATE PAYMENT of debts by the customers of small businesses has been highlighted as a major problem for them in recent months.

On May 8 a bill put forward by Allan Stewart, Conservative MP for Eastwood, Glasgow, aimed at making life tougher for the bad payer, will be given its second reading. It seeks to allow creditors to take had payers to court for interest payments as well as the amount owing and to move court actions from the High Court to the cheaper County Courts.

But for many small businesses the problem is self-inflicted. Says John Mirams, marketing director of PERT International, a consultancy. Often the small company supplier does not make his terms of trade clear in advance, does not check the creditworthiness of the customer and does not have an efficient system to monitor and collect debts.

More than £25m of trading debt is overdue at any time in the UK and the average credit period is 59 days compared with just 39 in West Germany and 44 in the US. Small companies tend to have even longer credit periods.

Fifty-eight credit days represents just under 18 per cent of turnover and taking interest at around 13 per cent plus administrative expenses could cost industry 3.5 per cent of turnover.

British companies frequently compound the problem by making and delays in their own procedures which give the customer reasons for delaying payment.

In one case 40 per cent of a company's invoices contained errors. Ninety per cent of companies still use statements presenting information in the wrong way while one in seven companies has no published terms of payment or conditions of sale, or has terms that are not appropriate to its business.

Legislation to make it easier for companies to recover debts will provide some relief but if a dispute comes to court the interest charges will already have been incurred and the customer almost certainly lost, says Mirams.

C. B.

Increased funding sought for cross-border projects

THE BACKERS of Venture Consort, the EEC scheme to subsidise cross-border venture capital funds, are continuing to lobby for an increase in the project's budget.

The European Venture Capital Association, which vets applications for Venture Consort funds, says it has seven applications for subsidy on its books including two requests for second-round financing from companies it has already helped.

Robert Ceurovorst, the association's secretary-general, hopes the EEC will provide Ecu 8.5m (£24.7m) this time round, a modest increase on the Ecu 3.3m made available last year. Last year's funding was provided outside the formal EEC budget but the scheme has been brought within the budget this time.

Ceurovorst hopes for a decision by the end of April. In a recent review of the first 18 months of the scheme the European Commission declared it had been an outstanding success in encouraging cross-border venture capital companies. Despite this, some member states have apparently expressed misgivings.

The Ecu 3.3m of funds went to a total of 15 companies and 12 venture capital funds to put in more money to

bring the total equity investment to Ecu 33.3m. The companies helped employ 1,202 people.

All of the aid went to new companies with 11 having been set up in 1983 and four being start-up companies less than a year old. Average turnover was Ecu 5.5m and the most common sectors of activity are computers, biotechnology and industrial products.

Four of the cross-border syndicates were headed by British venture capital groups while two each came from France, the Irish Republic and West Germany. Some of the companies were backed by funds from up to four countries though most found backers in two different countries.

The aim of the scheme is to provide the companies with financial backers in more than one country so that they can call upon them for assistance on local markets, thereby breaking down national barriers to business.

Up to now Venture Consort has set a maximum of Ecu 200,000 on individual investments. But as innovative companies are now requiring much more of money, the association is considering increasing the maximum to Ecu 400,000.

C. B.

In brief...

SHELL UK is expanding its Shell Technology Enterprise Programme (STEP), which places science, engineering, design and business studies students with small and medium sized companies for eight weeks in the summer holidays. At least 50 students from northern universities and polytechnics will be taken on this year compared with just 20 in last year's pilot scheme.

The aim of the scheme is to give the students work experience and increase their awareness of the opportunities offered by small firms. It also gives the owners of small businesses, who tend to neglect graduates as potential recruits, the chance to see the contribution they can make.

Firms and students will be selected by the Development agencies in Cleveland, Liverpool, Manchester, Nelson and Newcastle-upon-Tyne and northern colleges. Placements will begin in July. Durham University Business School will co-ordinate the programme.

Contact the development agencies, Shell UK, 10000 House, Strand, London WC2R 0DX or Durham University Business School, Mill Hill Lane, Durham DH1 3LE.

TRANSNET, the London Transport Technology Network, is carrying out a survey of all transport-related small businesses in Greater London. The survey aims to identify the needs of small businesses in the transport sector and to provide them with information on transport-related services.

The aim is to find businesses interested in new technology and to put potential partners in touch with each other. This should lead to new ideas getting off the ground more quickly and thereby creating or maintaining employment.

Contact Ian Bamford, TRANSNET, 16 Warren Lane, Woolwich, London SE18 6BW. (Tel 01-316 9898).

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OPPORTUNITIES IN UK ELECTRONICS

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Replies from interested parties, in the strictest confidence, should be addressed to: John Chastoy, Neville Russell, chartered accountants, 246 Bishopsgate, LONDON EC2M 4PS

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UK based private company operating in the entertainment industry has projects under development in various overseas territories. Applications are invited from mature business orientated individuals interested in, but not necessarily with previous experience of, the entertainment business. Profit estimates for both short and medium term make this an exciting opportunity with the potential of substantial capital gain in the longer term. Involvement and time commitment will be tailored to meet individual requirements. Please reply to Box F7275, Financial Times, 10 Cannon Street, London EC4P 4BY

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AN INTERNATIONAL COMPANY

SEeks to extend its activities within the UK. We seek to form a business association with advanced electronics based products with good market potential not necessarily volume related. Adequate capital is available for funding and international marketing expertise is substantial. A range of our own high-tech products could be used to expand your own market area. Principals only reply to Box F7283, Financial Times, 10 Cannon Street, London EC4P 4BY

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Well established Design Group with fully developed products and full order book, seeks sub-contract manufacturers with experience and spare capacity for volume manufacture of electromechanical and electronic goods. Must be prepared to invest in tooling and manufacturing start-up costs where necessary. Reply to Box F7282, Financial Times, 10 Cannon Street, London EC4P 4BY

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INTERESTED IN OBTAINING EXISTING OR PROPOSED OPENCAST SITES. AT ADVANCED STAGE OF PLANNING OR COMPANIES TRADING IN OPENCAST MINING. Replies in confidence to Box F7281, Financial Times, 10 Cannon Street, London EC4P 4BY

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Independently valued at £1m, but illiquid of cash, requires cash partner for further development. Principals only write to: Box F7286, Financial Times, 10 Cannon St, London EC4P 4BY

TEXTILE PROMOTIONS CO.

Seeks expansion by arrangement with another successful organisation, possibly P.L.C. to double over 50% profitable £1 million T/O. Replies from principals only to: Box F7288, Financial Times, 10 Cannon St, London EC4P 4BY

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UK COMPANY

Specialising in Design, Development, Production and Manufacture of Telemetry, Communication and Control Systems, would like to establish contact with USA Company wishing to develop business by adding to range or expanding into Europe. Contact telephone: UK 9328 61181/Mrs J. Wetton. Fax: UK 9328 68776. Representative in USA now

20% PLUS HIGH SECURED RETURNS

London banker has a continuing substantial flow of high return fully secured loans. Discussions are invited with persons and corporations who may be in a position to provide funds to earn these high secured returns. Write Box F7272, Financial Times, 10 Cannon St, London EC4P 4BY

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مكازم الأعمال

Business Opportunities

URGENTLY REQUIRED
Public company, trading internationally, is looking for experienced, motivated, energetic, and reliable individuals to join its sales and marketing team. The successful candidate will be responsible for the sale of the company's products and services in the UK and overseas. The company offers a competitive salary and benefits package. For further details, please contact: **Box 1000, Financial Times, 10 Cannon St, London EC4A 3DF.**

10% SHAREHOLDING
Available in expanding business. Suitable for party that can introduce business. **Write Box 17267, Financial Times, 10 Cannon St, London EC4A 3DF.**

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Investor seeks instrument for electrical/mechanical manufacturing company in which to take active interest. **Write Box 17267, Financial Times, 10 Cannon St, London EC4A 3DF.**

SPECIALIST JOURNAL
For sale. International financial institutions, advertising sales companies, larger multinational corporations, etc. 5 years old with excellent track record. **Write Box 17267, Financial Times, 10 Cannon St, London EC4A 3DF.**

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seeks Marketing Director for patented electronic moisture meter. **Write Box 17267, Financial Times, 10 Cannon St, London EC4A 3DF.**

INTERNATIONAL Marketing Manager
also with extensive background in sales and marketing. **Write Box 17267, Financial Times, 10 Cannon St, London EC4A 3DF.**

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Distribution Services

Fully listed PLC currently involved in supply of

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- Consumer products to wholesalers and retailers
- Equipment to industry and local authorities
- Services to industry

Wishes to acquire companies of a similar nature attaining profits between £2 million to £5 million from private companies seeking to expand their business and public companies wishing to dispose of subsidiaries which may no longer be compatible with their corporate strategy.

Principals only please reply to: **The Chairman, Box 11836, Financial Times, 10 Cannon Street, London EC4A 3DF.**

SHANI FASHION INDUSTRIES LTD

A BLOUSE COMPANY

As a well established ladies clothing manufacturer with our own indoor manufacturing facilities, we seek to acquire a blouse company to expand this area of our business. It is envisaged that the ideal company will already be selling 5,000-10,000 units per week directed towards national chain stores, mail order and export. We would expect to retain existing management to assist in the integration and future growth of this division.

Please reply in writing to: **The Chairman, Box 11836, Financial Times, 10 Cannon Street, London EC4A 3DF.**

SHANI FASHION INDUSTRIES LTD

49/49 Osnaburgh Street, London NW1 3ND

EXPORT TRADING COMPANY

Expanding export trading company wishes to acquire a small to medium size manufacturing company exporting spare parts for motor vehicles, trucks, construction equipment etc. Existing management and staff can be retained, if appropriate. **Principals only please reply to Box 11836, Financial Times, 10 Cannon St, London EC4A 3DF.**

TAX LOSSES £500 000

Company now trading profitably has agreed tax losses of £500,000 in the motor operating and vehicle parking business which will take years to absorb. We wish to acquire a profitable business in a similar field in order to accelerate the use of the losses to our mutual benefit. Enquiries will be treated in strictest confidence by professional agents only. **Please reply to Box 11836, Financial Times, 10 Cannon Street, London EC4A 3DF.**

PUBLIC COMPANY TEXTILE MANUFACTURER

A well known public company seeks to acquire textile business with sportswear manufacturing capability. Only responses from principals will be considered. **Write to Box 11813, Financial Times, 10 Cannon Street, London EC4A 3DF.**

MEAT PROCESSORS

Profitable public company wishes to expand into the Meat Processing Business. Small to medium size companies required with strong management teams and great track record. Acquisitions required for cash to equity or a suitable mix. **Principals please write to: Box 11813, Financial Times, 10 Cannon St, London EC4A 3DF.**

PR/COMMUNICATIONS CONSULTANCY

Medium/small PR company London or Midlands wanted for acquisition or merger. **Write Box 11845, Financial Times, 10 Cannon Street, London EC4A 3DF.**

MAJOR FIRM

Services, Pension and Benefits Assurance, Unit Trust Advisory Involvement in Insurance Broking. **Write Box 11845, Financial Times, 10 Cannon St, London EC4A 3DF.**

NORTH WEST ISLAND TRUCK

seeks to extend its parts range by acquiring established PARTS FACTORY BUSINESS preferably in Greater Manchester/ East Lancashire area. All replies dealt with in strictest confidence to Box 11845, Financial Times, 10 Cannon St, London EC4A 3DF.

Progressive PLC

wishes to acquire established VEHICLE CONTRACT HIRE BUSINESS in North West of England. All replies dealt with in strictest confidence to Box 11845, Financial Times, 10 Cannon St, London EC4A 3DF.

SERVICE STATIONS

WANTED IN LONDON AND SURROUNDING AREA. **Write Box 11868, Financial Times, 10 Cannon St, London EC4A 3DF.**

Businesses For Sale

Retirement International (Ireland) Limited Retirement Ireland Limited (In Receivership) LOCATION: CO. WICKLOW, IRELAND

For sale, the business and assets associated with the retirement facilities of the companies situated 28 miles from Dublin at Clonmannon, Ashford, Co. Wicklow, Ireland. The complex, known as Clonmannon Retirement Village, located on a site of c.25 acres includes Clonmannon House, an original Georgian residence constructed c.1780, which houses a Health Board approved 10 room Nursing Home and all care and recreational facilities. The Village also includes 41 bungalows which have been specifically designed for the needs of retired people. An experienced staff is also available. **ENQUIRIES TO: Rory O'Ferrall, F.C.A., Touche Ross & Co., Adelaide House, 19 - 20 Adelaide Road, Dublin 2, Ireland. Telephone: Dublin 784888, Telex: 30232 TRCM EI, Fax: Dublin 784029.**

Touche Ross Chartered Accountants

Electrical Coil and Transformer Manufacturer St. Ives, Cambridgeshire

The Administrator offers for sale as a going concern a well established transformer manufacturing company, specialising in toroidal transformers. The company operates from leasehold premises of approximately 6,000 sq. ft., located on an industrial site in the expanding Cambridgeshire town of St. Ives, which is easily reached from both the M11 and the A1. Current turnover is approximately £800,000 per annum and the company employs a workforce of 70. For further information please contact: **R.T. Sumnerfield, Spicer and Pegler & Partners (Ref 4NJD), Leda House, Station Road, Cambridge CB1 2RN. Telephone: 0223 460222.**

Squarearm Limited T/A 'The Prince Harry' (In administration)

Offers are invited for the above company's assets which comprise principally a freehold public house in Middlesex. The property is a substantial three storey building with a total internal area of 6,100 sq. feet, comprising:

- Ground Floor: Public House
- First Floor: Function Rooms
- Second Floor: Managers' living accommodation and other rooms

For further details contact The Administrator, Peter Fletcher or Scott Barnes at Grant Thornton, Leefield House, 116 Cardigan Road, Leeds LS6 3HL. Tel: 0532 744733, Telex: 557362, Fax: 0532 744733 ext. 202.

Grant Thornton Chartered Accountants

ERNEST WILSON THE BUSINESS SPECIALISTS

- FAST FOOD BURGER BAR & COFFEE LOUNGE, A BUSINESS WHICH COMES HIGHLY RECOMMENDED** This turnkey must hold a position TO BE ENVIED. In a busy and thriving area, a prime location. Open plan takeaway area, bright, airy coffee lounge/ snack bar - Service to front. 3 bedrooms accommodation. Possible illuminated walls. Close by. Taking £2,000 plus in profit. NO EXPENSE SPARED THROUGHOUT. Business offered at £16,000. CSC286
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- FAST FOOD TAKEAWAY, A BUSINESS WHICH COMES HIGHLY RECOMMENDED** This turnkey must hold a position TO BE ENVIED. In a busy and thriving area, a prime location. Open plan takeaway area, bright, airy coffee lounge/ snack bar - Service to front. 3 bedrooms accommodation. Possible illuminated walls. Close by. Taking £2,000 plus in profit. NO EXPENSE SPARED THROUGHOUT. Business offered at £16,000. CSC286
- OVERNIGHT LORRY PARK** A venture with a difference! Boasting approx 3 acres on outskirts of Manchester - A WELL PATRONISED CONCRETE BRIEFCASE. Overnight parking with other facilities offered, eg garage, cafe, licensed bar, shower, carter bay, diesel bunkering service all under one/roof. A GROSS ANNUAL INCOME OF £85,000 IS EASILY ACHIEVED! Turnover opportunities for hardworking, enterprising proprietor. Further detailed information available. Business £250,000. CSC286

TEL BRADFORD 390486/721580

FOR SALE LUCRATIVE PLANT HIRE COMPANY

Based in the North Midlands Industrial Area Specialising in Heavy Earthmoving Plant. Large premium fleet of mainly operated 360° Excavators, Dozers, Tracked & Tyred Loaders, Dump Trucks and Low Loader etc. Freehold premises on Modern Industrial Estate. Majority of equipment free from finance also, cash returns. Large regular customer base including major PLCs. Principals only deal with. Interested parties please reply to: **The Company Secretary, Box 11862, Financial Times, 10 Cannon St, London EC4A 3DF.**

Telecommunication Products.

The Administrative Receiver of Telecommunication and Computer Systems Ltd., based at the Bridgford Science Park Mid-Glamorgan, offers for sale the business, production facilities, stocks and intellectual property rights relating to:

- 'Viste' Telecommunication system for the deaf with QWERTY keyboard and display. BAST approved
- 'Mail-link' Electronic mail product with QWERTY keyboard and display. BAST approved
- Telex Product with QWERTY keyboard and display. BAST approval stage

For further details please contact: **Tudor G. Davies, Administrative Receiver, Arthur Young, Southgate House, Wood Street, Cardiff. Tel: (0222) 360151. Telex: 467098. Fax: (0222) 360565.**

Arthur Young A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Entertainment Products for the Leisure Industry

Croydon, Surrey

The Business, Business Assets and goodwill of the Atlas Leisure Group, the largest manufacturer of video jukeboxes worldwide, together with the associated rental business of Sound and Light, are offered for sale.

The companies operate from modern rented premises in Croydon.

The Company employs approx. 40, producing an annual turnover of £3.5 million.

For further details contact Paul Davis at Atlas House, 59 Imperial Way, Croydon, Surrey, CR0 4BE on 01-681 5931, Fax 01-680 5730, Telex 918915 or the Joint Administrative Receiver, Ian Bond, at Deloitte Haskins & Sells, 128 Queen Victoria Street, London EC4A 3JX, on 01-236 6500. Telex 694941. Fax 01-248 3623.

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HEAVY STEEL FABRICATION ASSETS FOR SALE AS A UNIT JOHN JACKMAN ENGINEERING LIMITED (IN RECEIVERSHIP)

Modern well equipped workshops designed for heavy steel fabrications, situated on a c.15 acre site close to Wexford town comprising: C. 4400 m² workshops equipped with gantry cranes, paint shop, shot blasting shops. C. 1300 m² administration block. C. 2200 m² stock yard serviced with Goliath crane. Main fabrication equipment including: Press Brakes, Shears, Bending Rolls, Milling Machines, Lathes, Profile Cutting, Submerged Arc and Mig Welding Plants. Accredited: A.S.M.E. for the "U" and "S" code symbols. German D.I.N. 18,800 part 7. A skilled workforce is available locally.

All enquiries to: **J. W. R. Jackson, F.C.A., Stokes Kennedy Crowley & Associates, 1 Stokes Place, St. Stephens Green, Dublin 2, Ireland. Tel: 01-757971 Telex: 93409 Fax: 01-735951.** OR **John Reid, A.C.A., John Jackman Engineering Limited, (In Receivership) P.O. Box 27, Ardara, Wexford, Ireland. Tel: 053-23177 Telex: 80571 JOJA EI Fax: 053-24541**

BUSINESS FOR SALE

Family owned timber Company in the North West. The main operating premises will not be included in the sale. The audited financial statements to 31 March 1986 show:

- Turnover approximately £4.5m
- Net assets excluding premises, less than £300,000

The purchase consideration will reflect a small discount on the net asset value. The business would be attractive to another timber business in the North West of England. Replies to Stephen R. Collins.

Touche Ross Securities

Located in Scotland. P.O. Box 500, Abbey House, 74 Mosley Street, Manchester, M60 2AT. Telephone: 061-228-3456. Fax: 061-228-2021. Telex: 666040 TRMAN G.

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The following Homes are just a brief example of quality Homes available presently throughout the UK

- CLOSE BATH/VOL/MOTORWAY** Res. Home Reg 30. Nursing Home Reg 25. Both Homes enjoy high occupancy level. Present income £10,000 + pw. Res. Home has full on suite facilities. Bungalow owners' house included in sale. Excellent value - excellent potential. Adj. net profit £180,000. Sale Agents: **NH/14463, £1.3 million. Tel: Bournemouth (0202) 253563/245608.**
- SUNSHINE - CLOSE M25 MOTORWAY** Prestigious Nursing Home, in stunning country, 20 years, offering 36 single bedrooms, 17/6 £6,000 pw adj. profit £140,000 + very high brick and mortar value added to this property. Sale Agents: **NH/4587, £255,000. Tel: Bournemouth (0202) 253563/245608.**
- EAST MIDLANDS - CLOSE M1 MOTORWAY** One of the finest Nursing Homes in the UK. Reg 36. Recently opened and already producing income of £500,000 + pw. together with additional Nursing Home Reg 40, located close by, producing in excess of £300,000 pw. Very profitable Home and must be inspected. Sale Agents: **NH/6232, £2 million. Tel: Leeds (0532) 467101.**
- ESSEX - CLOSE LONDON** Unique combination of two magnificent Res. Homes combined reg. of 55, each with 3 acres of land and offering the highest standards of care and comfort. Income £10,000 pw + 7 shortholds. Units for sale. Producing further £8,000 pw. Service charge. 150 acres of land with p.u. for golf course use separates the two Homes. Certainly of interest to leisure groups. Sale Agents: **NH/4535, Offers circa £2 million. Tel: Bournemouth (0202) 253563/245608.**

TAYLOR NATIONAL

Gravatam Industries Limited

The Joint Receivers and Managers of Gravatam Industries Limited offer the businesses and assets of the company for sale. The major features are:

- High quality engineering and fabrication to Del Stan 05-24.
- Contracts for the supply of patent cold moulded load bricks to the nuclear industry.
- Contracts with substantial employers in the nuclear, defence and civil industry sectors.
- A significant investment in machine tools.

All enquiries to the joint receivers and managers: **25 Finsbury FCA and FRC Buildings, 25 Finsbury Square, London EC2A 3DF. Tel: 01-477 8889 Telex: 057799 and 934718 Fax: 01 403 5265**

Price Waterhouse

SANDIACRE ELECTRICS (1984) LIMITED IN RECEIVERSHIP

Designers and suppliers of industrial electrical control panels. Turnover approx. £1.2m per annum. Small customer base with well known concerns. Order book and work in progress £200,000 to £300,000 Q.A. approved. Modern leasehold units approx. 12,000 sq ft. Principals only please apply. **W.J. Kelly FCA, Ernst & Whinney, Windsor House, 3 Temple Row, Birmingham B2 5LA. Tel: 021-236 9151.**

Ernst & Whinney Accountants, Advisers, Consultants

TRAPPERS FOODS LIMITED (In Receivership) FOR SALE COMPLETE QUICK SNACK/FRY LINE

Installed in fully-fitted Leasehold Works, Basingstoke. Ready for immediate operation. Including Fry-type Extruder, packaging machinery and ancillary equipment. For further details please apply: **The Administrative Receiver, Laurence Booth, ACA.**

Clark Whitehill & Co Chartered Accountants

25 New Street Square, London EC4A 3LN. Telephone: 01-353 1577. Telex: 887422.

AGRICULTURAL MACHINERY SALES, REPAIRS AND SPARES

Pending retirement of owner provides the opportunity to purchase a completely self contained business in Cambridgeshire. The freehold property comprises workshops, offices, shop and stock rooms on a 4 p.u. acre site with planning permission for light engineering use, together with 3 bedroomed bungalow currently occupied by the proprietor. ALL FOR A PRICE OF £250,000. In addition the purchaser will be able to take over stock, machinery and equipment at a price to be agreed, but probably in the region of £75,000. Apply Box 11865, Financial Times, 10 Cannon Street, London EC4A 3DF.

Businesses For Sale

Plastic Film-Blowing Facility IRISH JURONG LIMITED (In Liquidation)

LOCATION: CO. WICKLOW, IRELAND.

For sale, the business and assets associated with the plastic film-blowing facility of the company, situated 20 miles from Dublin at Killoke, Co. Wicklow, Ireland. The complex, located on a site of c.12 acres, comprises a modern highly automated film-blowing co-extrusion and bagmaking capability with printing and recycling plant. Rated extrusion output per hour is c.5,000 lbs. The buildings are leasehold and comprise c.120,000 sq. ft. of factory, warehousing, offices and ancillary accommodation. A skilled labour force is available.

ENQUIRIES TO:

Rory O'Ferrall, F.C.A., Touche Ross & Co., Chartered Accountants, Adelaide House, 19-20 Adelaide Road, Dublin 2, Ireland. Telephone: Dublin 784833 Telex: 30233 TRCM EI Fax: Dublin 784029. Or

Barry Caldwell, A.C.A., Irish Jurong Limited, (In Liquidation), Killoke, Co. Wicklow, Ireland. Telephone: Dublin 875791 Telex: 90898 IJL EI Fax: Dublin 875799.

Touche Ross
Chartered Accountants

HIRE PURCHASE AND LEASING LOAN BOOK FAITHFULL CREDIT LEASING LIMITED (IN RECEIVERSHIP)

The loan book of this company is offered for sale. The company operated from Manchester and ceased to write new business in April 1986. At present the loan book consists of approximately 800 agreements with a book value of about £1.5 million and the monthly cash income from the loan book is approximately £60,000.

For further details contact:
John Warren FCA or Scott Martin FCA,
Ernst & Whinney, Lowry House,
17 Marble St., Manchester M2 3AW.
Telephone: 061-832 5784. Telex:
668202. Fax: 061-834 7112.

Ernst & Whinney
Accountants, Advisers, Consultants

UPHOLSTERED FURNITURE MANUFACTURER E HENSHAW & SON LIMITED (IN RECEIVERSHIP) Trading as Arles Furniture Company

Business and assets for sale.
Long established upholstered furniture manufacturer at Trenham approximately 4 miles south of Stoke-on-Trent and 2 miles from M6. Turnover in 1986 £1.7 million. Freehold premises and upholstery equipment.

For further details contact:
John Warren FCA or Nigel Hamilton FCA, Ernst & Whinney, Lowry House,
17 Marble St., Manchester M2 3AW.
Telephone: 061-832 5784. Telex:
668202. Fax: 061-834 7112.

Ernst & Whinney
Accountants, Advisers, Consultants

Lightning Graphics

The joint administrative receivers offer for sale the business and assets of Lightning Graphics Ltd. based in North-West London.

The company provides a phototypesetting service to the print trade.

Turnover in the order of £250,000 p.a.

All enquiries to:
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FT LAW REPORTS

Trade debt can be frozen in UK

DEUTSCHE SCHACHTEL-UND TIEFBOHRGESSELLSCHAFT mbH v RAS AL KHAMSAH NATIONAL OIL COMPANY
Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Woolf and Lord Justice Russell): March 24 1987

ARBITRATORS WITH power to choose the law of the arbitration are not confined to national systems, but may apply principles internationally accepted within the relevant field. Also, a trade debt owed to a judgment debtor is an asset within the UK capable of being frozen by the court if payment, though intended to be made abroad, is enforceable in the UK.

The Court of Appeal so held when dismissing appeals by the RAS Al Khamash National Oil Company ("Rakoll") from Justice Bingham's refusal to discharge an order freezing its assets in the UK, and from Mr Justice Leggatt's judgment upholding an order for enforcement of an arbitration award made against it in Switzerland in favour of Deutsche Schachtel- und Tiefbohrgesellschaft mbH ("DST"), and setting aside leave granted to Rakoll to serve a writ on DST in Germany. Shell International Petroleum Ltd intervened in the appeal from Mr Justice Bingham's judgment.

SIR JOHN DONALDSON said that disputes arose between DST and Rakoll under an oil exploration agreement containing an international Chamber of Commerce (ICC) arbitration clause. DST referred its claims to an arbitral tribunal in Geneva. Rakoll instituted proceedings in the court of RAS Al Khamash National Oil Company. Neither party took part in the other's proceedings. DST succeeded in the arbitration, the award being \$4.6m. Rakoll succeeded in the litigation. The damages were \$1.4m.

Neither party could find a way of enforcing the decisions. In June 1986 rumours reached DST that Shell had been buying oil from Rakoll. Rakoll was trying to satisfy the award out of Shell's payments to Rakoll. On July 2 and 24 1986, on DST's ex parte application, Mr Justice Bingham made orders: (i) granting leave to DST to enforce the arbitration award in the same manner as a judgment; and (ii) restraining Rakoll from raising any claim of jurisdiction any debts due to it from Shell.

On August 8 the judge refused an application to discharge the injunction.

Rakoll obtained leave to serve a writ on DST in Germany, to enforce the RAS Al Khamash judgment. The judge was to found a counterclaim to the claim based on the award. An application to set aside the leave came before Mr Justice Leggatt at the same time as the application to set aside the leave to enforce the award as a judgment.

The judge refused to set aside leave to enforce the award. He set aside Rakoll's leave to serve the writ against DST. He stayed execution of the award until after the appeal against Mr Justice Bingham's refusal to discharge the injunction.

The appeals from Mr Justice Leggatt's and Mr Justice Bingham's judgments were heard at the same time. Shell was subjected to substantial commercial pressure to pay Rakoll in New York and was given leave to intervene.

Section 32 of the Civil Jurisdiction and Judgments Act 1982 provided that a foreign judgment should not be recognised or enforced in the UK if the bringing of proceedings in the foreign court "was contrary to an agreement under which the dispute in question was to be settled."

The proceedings in the court of RAS Al Khamash were in breach of the arbitration agreement. The judgment could not be recognised or enforced. It followed that Mr Justice Leggatt was right to set aside leave to serve the writ out of the jurisdiction.

The arbitration award was a "Convention award" within the meaning of the Arbitration Act 1950, having been made in a state which was party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

It was therefore enforceable in the UK by action or under section 26 of the Arbitration Act 1950, which provided that an arbitration award might, by leave of the High Court, be enforced in the same manner as a judgment. The proper law of the arbitration agreement was Swiss law, and the agreement was valid under that law.

It provided that "all disputes shall be finally settled under the ICC Rules. . . . The arbitration shall be held in Geneva. Article 15.3 of the Rules provided that in the absence of any indication as to the applicable law "the arbitrator shall apply the law . . . which he deems appropriate."

That suggested that the parties intended to delegate to the arbitrator the choice of law governing the substantive contract. The arbitrator had determined that the proper law

was "internationally accepted principles of law governing contractual relations."

They said that the relevant contracts were between a number of companies organised under various laws, and that they would refer to what had become common practice in international arbitrations in the field of oil drilling concessions, and especially in arbitration in Switzerland.

Mr Longmore for Rakoll submitted that it would be contrary to public policy to enforce an award which held that the parties' rights and obligations were to be determined, not by any national law, but on unspecified and possibly ill-defined internationally-accepted principles of law.

There were three questions which the court had to ask, confronted with an arbitration clause providing that rights should be governed by a system which was not a state system of law: did the parties intend to create enforceable rights; and obligations; was the agreement, sufficiently certain to constitute a legally enforceable contract; and would it be contrary to public policy to enforce the award, using the coercive powers of the state?

There was no doubt the parties intended to create legally enforceable rights and obligations, and that enforcement of the award would not be contrary to public policy. That left the question of whether the agreement and the requisite degree of certainty.

By choosing to arbitrate under the ICC Rules, particularly article 15.3, the parties had left the law to be decided by the arbitrator, and had not confined the choice to national systems.

There was no basis for concluding that the arbitrators' choice of proper law—a common denominator principle underlying the laws of various nations governing contractual relations—was outside the scope of their choice.

The appeal from Mr Justice Leggatt's judgment should be dismissed. Although it was convenient to refer to Mr Justice Bingham's order as a Mareva injunction, it was doubtful whether it fell in that category.

The Mareva innovation lay in giving a plaintiff some degree of protection before he became a judgment creditor. Once the judge gave DST leave to enforce the award as a judgment it became a judgment creditor.

On the Mareva approach the first question was whether Rakoll had any assets within the jurisdiction. The only asset which had been identified was the trading debt owed by Shell. It was not, according to Rakoll, an asset within the jurisdiction.

The issue was bound up with the question whether the debt could be taken in execution of an English judgment in favour of DST by garnishment or appointment of a receiver, since it would not be right to maintain an injunction if it could not.

As far as garnishment was concerned, the only relevant jurisdictional requirements were that the garnishee should be within the jurisdiction, and that the subject matter should be a debt due to the judgment debtor from the garnishee. However, a garnishee order would not be made if it would not operate to discharge the garnishee in whole or pro tanto from his liability in respect of the debt.

Most nations had a rule similar to that of English law, that validity and effect of attachment of a debt were governed by the law of the debt. A complication arose where the debtor carried on business in more than one jurisdiction but that did not arise in the present appeal since Shell asserted that it did not carry on business in New York. It was simply owed money by New York bankers.

It followed that to default on its obligation to pay Rakoll the liability could certainly be enforced in the UK, and probably only in the UK. There was no suggestion it could be enforced in New York.

It followed that, but for the stay of execution, the debt could have been the subject of a garnishee order in the UK, and if payment were made to DST thereunder, Shell's indebtedness would be discharged for all purposes. Shell was under commercial pressure to pay Rakoll, but that was no reason to refrain from upholding the judgment. The case was much stronger than the ordinary Mareva situation because DST was an actual, not potential, judgment creditor.

The appeal from Mr Justice Bingham's order was dismissed. Lord Justice Woolf and Lord Justice Russell agreed.

For DST: Stewart Boyd QC and Ian Glick (Herbert Smith & Co.).
For Rakoll: Andrew Longmore QC and Alan Pardoe (William A. Crump & Son).
For Shell: David Johnson QC and Mark Hamelock-Allen (Midleton Potts & Co.).

By Rachel Davies
Barrister

FINANCIAL TIMES SURVEY



Now part of the fabric of the country, the New Towns in the 1980s have to compete for investment with the old

ones. The government's drive to sell off their public assets leaves the towns to make their own way, but those in the more prosperous south have the brighter future. **Paul Cheeseright** reports

Caught in the economy drive

THE VISION has faded now. The era is ending. The New Towns, into which successive governments have pumped £4bn of public money, are no longer new.

Now, they are part of the accepted fabric of the country, arousing comment only to the extent that particular interests are affected by the disposal of their public assets.

The New Towns were conceived by a generation for which expansion was a state of mind. They could provide new homes, new jobs, new surroundings for those in the overspill cities of London, Glasgow, Manchester and Liverpool.

They could be focal points for new expansion in areas of the country which needed a new economic impetus. It was assumed that the population would continue to grow.

So they sprang up. Even as late as the 1980s, the idea was to establish one a year. Some were built on greenfield sites, some fitted on to existing towns. Others were promoted to foster development between existing towns.

But the population did not continue to grow. Regional policy this decade has virtually

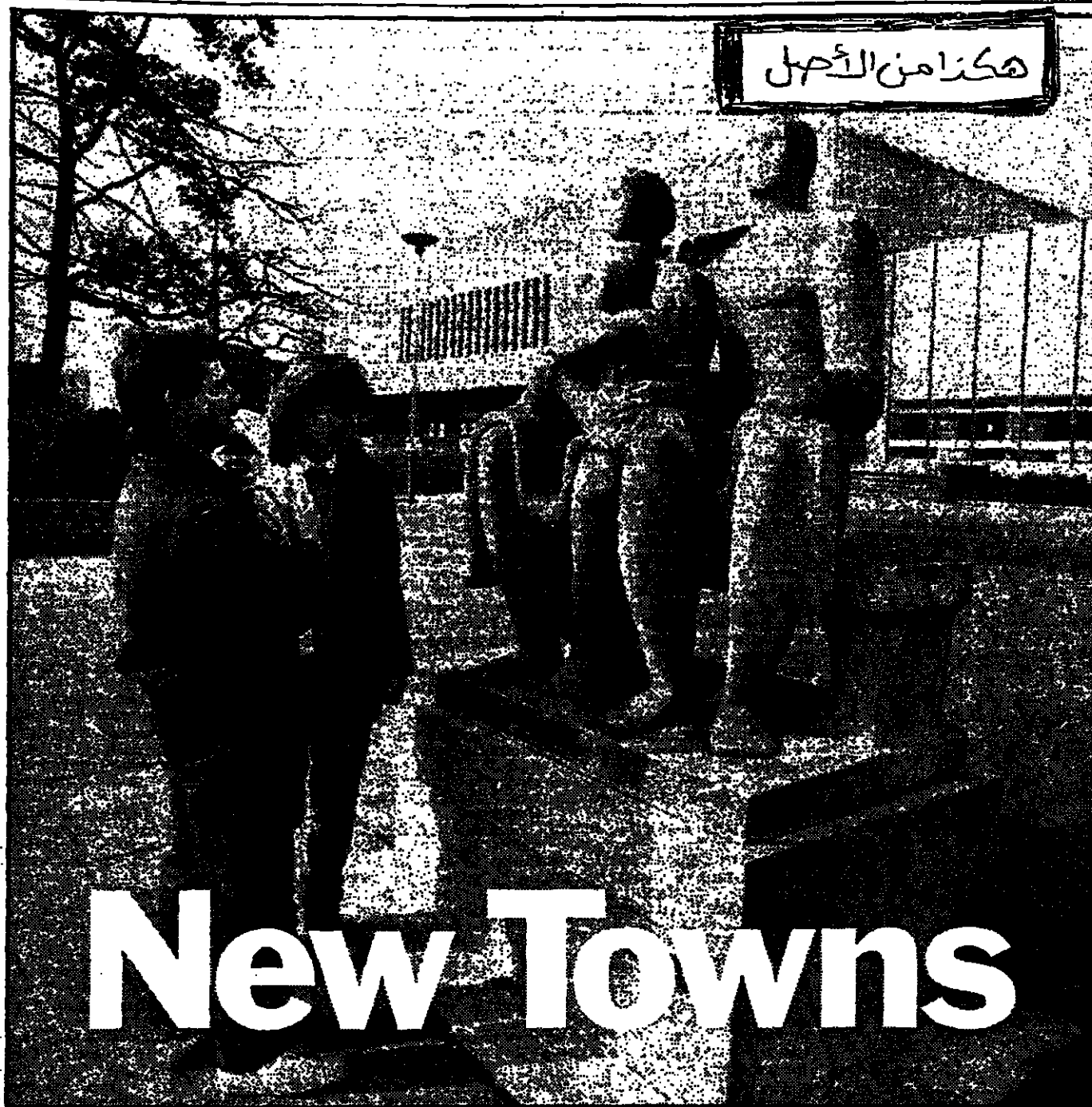
ceased to exist. The New Towns battled to persuade industry and services to invest in their areas in just the same way as the old ones.

The present Government has not wished to continue a major programme of public investment. Rather it has sought to cut back its own expenditure and the New Towns have been caught up in that economy drive.

Through the Commission for the New Towns, the drive is on to sell the public assets. More than £500m-worth have gone and there is another £2bn for disposal over the next few years.

At the same time, the Government has been forced to switch its attention back to the cities that the New Towns in the first instance were designed to relieve. The problem now is not setting up new places for people to live and work, but to revive those where the people already are.

Official urban spending has switched back to the inner cities. Any spending on New Towns now is likely to come from the private sector with developments like Bradley Stoke near Bristol and the pressure to build new villages



New Towns

A Harlow family meets Henry Moore's Family Group in the town centre

around London like Tillingham Hall.

Where once the private builders would expect the Government to put in the infrastructure, build the schools and hospitals and community halls, now the private sector is prepared to do it itself—if it can obtain the planning permission. The Government does not have to set.

But there is a link between the New Towns and the inner cities. One of the enduring legacies of the New Towns is the technique used to set them up—the establishment of a development corporation, a single-pur-

pose organisation with planning and financial powers.

The Government has picked up the idea of the development corporation and used it to bring about inner city regeneration—first London Docklands and Merseyside, now four more cities, and then a further 14 where the corporations will work, but without cash.

The development corporation is dead, subsumed by the Commission for the New Towns. Long live the development corporation. Except that it is not quite so clear-cut as that.

Certainly the Labour Party is not satisfied that the corpora-

tions have done their work in the New Towns. It would like to see them carry on.

Beyond that political opposition there is a strong regional lobby in the North East which does not want to see the corporations in Aycliffe-Peterlee and Washington disappear and it is on the cards that the industrial and commercial property portfolio will be handed on to English Estates, the Government's own property company, rather than be placed in the hands of the Commission for the New Towns for disposal.

Outside the North East, all the other English New Towns

should be wound up by 1992. Cwmbran in Gwent, set up to provide housing near the new jobs being created along the south Wales coastal belt away from the cramped valleys, will become just a normal town next year.

In Scotland, however, where the New Towns are under control of the Scottish Office as opposed to the Department of the Environment elsewhere, there are no immediate plans to wind up the development corporations. Situated in a belt running across central Scotland, they are still seen as having a particular role in promot-

Origins: Idealism that met a post-war housing need	2	South East: Pulled into the region's pattern of prosperity	4
The big sell-off: How the government's policies are being carried out	3	Corby: Town that had to survive the steel rundown	4
North West: A long road to the dream of the future	3	Scotland: Vital role as centres of new industry	5
		Housing: New homes for old for Britain's citydwellers	5

ing economic revitalisation. Nor is Whitehall's disengagement simple when it comes to housing. Having dropped previous policies where residential property was automatically handed back to the local authority, and become anxious both to sell to individual tenants and to pass on the public asset to housing associations, the Government has drawn out political life.

Industrial and commercial property sales might be neutral politically, but housing is an emotional issue. The Government is now negotiating a code of practice for transfer with district councils and housing associations, but it is also engaged in a running dispute with Left-wing Basilidon on the issue.

Disengagement or, to put it another way, obtaining some return on the £4bn investment, was always bound to be uneven if only because of the different historical antecedents of the New Towns.

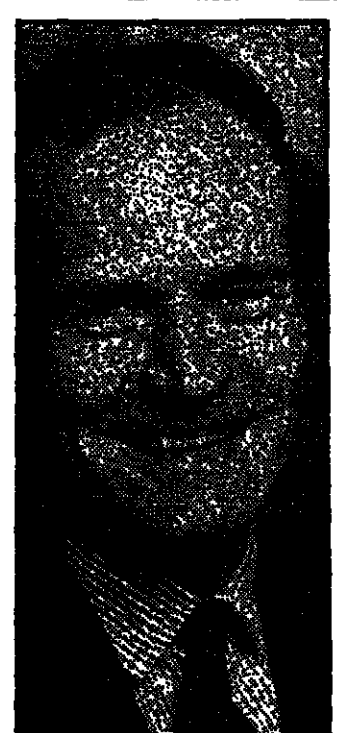
In the northern parts of England there was no thought 20 years ago that the growth of prosperity would taper off, that whole sections of industry would disappear. So the New Towns, far from being a focus of growth, have found themselves with exactly the same sort of economic problems as the bigger cities.

"In weaker locations," says Mr Howard Thomas, the Commission for the New Towns' director of estates, "we're in the confidence business. We don't encourage too many developments in the same month so that everybody is fighting for the same tenants."

The New Towns, in short, are caught up in the North-South divide and are only as strong economically as the region surrounding them. In no way is this clearer than in the prices for land which might be used for providing employment, whether it is industrial, warehousing or some other purpose.

At one end of the scale, the price in Skelmersdale is £25,000 an acre and in Central Lancashire it is £50,000; in the Midlands, the price rises to £100,000 in Northampton and a little less in Redditch.

But in the London ring towns the price goes up sharply—£200,000 an acre in Basildon, £240,000 in Harlow, £300,000 in Stevenage, £500,000 in Crawley, £700,000 in Hemel Hempstead. And in the rich Thames Valley,



Howard Thomas in the confidence business

prices go up to £1m an acre in Bracknell.

Small wonder that the Commission for the New Towns has sold more than half the New Town assets for disposal in the London ring towns but faces a 10-year selling campaign in the north-west.

But the end of an era is not only a question of asset disposal. It is also one of regeneration of the new Towns themselves. While it may be a nonsense to talk of that in the Midlands, the North and in Scotland, where the New Towns have not necessarily reached the stage of generating their own development, the situation on the London ring is different.

Here the first-generation towns are in the middle of second-generation development. In Bracknell and Hemel Hempstead, for example, many of the original buildings have gone—the towns have re-built themselves.

This is the clearest signal that the ideas of the post-war planners have come to fruition. The New Towns, and their communities, have taken root and grown under their own impetus.

There are 21 English New Towns in this Survey. One organisation has property in over half of them.

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Welwyn Garden City.

Sheer necessity gave a powerful impetus to creating new communities to relieve urban congestion and provide more housing, says Hazel Duffy

A black and white photograph of a large, ornate fountain in a shopping mall. The fountain has a central column with multiple tiers of water spraying outwards. The mall has a high, vaulted ceiling with a grid of lights. People are walking around the fountain, and shops are visible in the background.

Shopping in Harlow, one of the London ring towns.

Shops at Milton Keynes', huge central complex.

Abstract

A high-contrast, black and white photograph of a man in a suit and tie, smiling while talking on a corded telephone. He is holding a pen over a document titled "Our Personal Directory". The image has a grainy, high-contrast aesthetic, typical of older newspaper advertisements.

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Technician working in a factory laboratory at Telford.

مَكْرَامُنِ الْأَهْلِ

Designation and wind-up of England's New Towns

	Date of designation	Transfer to Commission	Housing transfer	Community asset transfer
1st GENERATION				
Stevenage	1946	1980	1978 & 1982	1981
Aycliffe*	1947	(1986)	1978 & 1982	(1986)
Crawley	1947	1982	1978	under discussion
Harlow	1947	1980	1978 & 1980	(1986)
Hemel Hempstead	1947	1982	1978	under discussion
Hatfield	1948	1986	1978	1983
Peterlee*	1948	(1988)	1978 & 1983	(1986)
Welwyn Garden City	1948	1986	1978	1983
Basildon	1949	1988	under discussion	under discussion
Bracknell	1949	1982	1978	1983
Corby	1950	1980	1978	under discussion
2nd GENERATION				
Slough	1961	1985	1985	under discussion
Redditch	1964	1985	1985	1985
Runcorn*	1964	1989	under discussion	(1987)
Washington	1964	(1988)	1985	under discussion
3rd GENERATION				
Milton Keynes	1967	(1992)	under discussion	under discussion
Peterborough	1967	(1988)	(1988)	(1988)
Northampton	1968	1985	1985	1985
Telford	1968	(1992)	(1987-88)	(1987-88)
Warrington*	1968	(1989)	(1987)	(1987)
Central Lancashire	1970	1985	1985	under discussion

*Warrington and Runcorn Development Corporations were merged in 1981. Aycliffe and Peterlee Development Corporations were merged in 1985. (1988)—target date

Source: Commission for the New Towns

Culham in Wales, designated in 1949 and with a 1986 population of 46,100, disposed of its housing assets in 1986. Wind-up and transfer to the Commission for the New Towns is projected for March 1988.

£2bn sales programme going flat out

Assets sell-off

THE GOVERNMENT hopes to realise some £2bn from the sale of property assets in the New Towns by the mid-1990s. A sales programme, which began tentatively in 1978 and gathered pace once the Conservative Party came to power in 1979, is now going flat out.

It is all part of the more general privatisation programme. From the Government's point of view, the asset sales provide funds for investment in the New Towns where that is still necessary, reduce pressure on the public sector borrowing requirement, and bring the state's landholdings down to a level where they meet its own needs and nothing else.

Sir Neil Shields, who as chairman of the Commission for the New Towns is responsible for putting the policy into effect, recalls that "Mrs Thatcher was determined. She said the New Towns are costing money, but they have got a lot of assets. If you want further money for the New Towns, find it from your own resources. Instead of just managing, enhancing the assets, you should sell as well."

The point here is that the Commission has continued the development of infrastructure that development corporations, now defunct, had started and, especially in the towns of the Midlands and the North West, has carried on spending to raise the prosperity of the towns. It is, for example, renovating the shopping centre in Skelmersdale. At the same time, it is seeking inward investment—hence a recent mission to the Eastern US. And it is forced to spend on housing rehabilitation.

The latest Commission accounts show accumulated capital expenditure at £294.7m, of which £109.1m was spent in Central Lancashire, £43.6m in Skelmersdale, £31.5m in Redditch, £30.1m in Corby and £22m in Northampton.

But such spending has been more than covered by the sale of assets, which has been running slightly ahead of the targets set by the Department of Environment. These targets apply not only to the Commission but also to the development corporations in towns which have not yet passed into the supervision of the Commission.

The combined target for the years 1981-82 to 1985-86 was £485m. Actual sales came to £510m. Since 1979 total sales have been £682.8m. But it has proved easier to make the sales in the southern part of the country, where economic conditions are easier. Elsewhere, investment is aimed at hastening the ultimate sell-off.

Summing up the trends, Mr Howard Thomas, director of estates at the Commission, says: "In the main, we'll be out of the London estate (the London ring towns) in three years' time."

"In the North West it is a 10-year job. We should be out of the Midlands somewhere in between. It will take a little longer in Corby than in Northampton."

The Commission is currently handling sales in 13 towns—Basildon, Bracknell, Central Lancashire, Corby, Crawley, Harlow, Hatfield, Hemel Hempstead, Northampton, Redditch, Skelmersdale, Stevenage and Welwyn Garden City.

But as development corporations in other towns are wound down it will become responsible for asset disposal in Peterborough (September 1988), Telford (September 1991) and Milton Keynes (April 1992). The target date for winding up the development corporation in Runcorn-Warrington is March 1988 and for Aycliffe-Peterlee and Washington it is September 1989.

Last year the value of the industrial and commercial property and land available for disposal in these towns except for those in the North East was put at £1.4bn, more than twice as much as the total return from the disposals so far.

Housing has been treated in a different way from the industrial and commercial property. Much of it has been public housing and generally the control of this has been handed back to the local authorities.

There have been two major rounds of transfers, in 1978 and in 1980-83, but at the cost of the Environment Department providing authorities with funds to rectify defects in the properties.

Latterly the Government has been prepared to transfer housing stock not only to local authorities but also to housing associations. There is also a policy of encouraging private purchases by tenants.

In 1985, 6,000 homes in Central Lancashire were transferred to housing associations. But the whole question of transfer has become complex and sometimes acrimonious. Negotiations for transfer in Basildon, for example, have been going on—and off—since 1976.



Sir Neil Shields: "Mrs Thatcher was determined."

Basildon Council has been holding its own referendum among tenants to decide what they want to do about transfer, but the Government does not think this is full consultation.

Meshrille, the Association of District Councils and the National Federation of Housing Associations has been urging the Government to end uncertainty about transfer in Runcorn-Warrington, Telford, Peterborough and Milton Keynes and start balloting tenants about where control of public housing should rest in the future.

Generally, however, the sale

of industrial and commercial property has proceeded less controversially. Much of it has not led to any change of occupancy, because the freehold of any property is first offered to the tenant.

The National Audit Office recently completed a scrutiny of the way the Commission and the development corporations have been handling asset sales and it found that 42 per cent of Commission transactions were to tenants and they accounted for 28 per cent of the total value.

The National Audit Office was charged by Parliament to see whether the Government is getting proper value from the disposals programme. As Sir Gordon Downey, the Comptroller and Auditor General, noted: "With assets worth more than £1.4bn still to be sold, a 5-10 per cent variation in performance represents a gain or loss of £70-£140m to the Exchequer."

In the main, the Audit Office concluded, the Department of the Environment, which is responsible for the Commission, and the New Town bodies have controlled and implemented the programme effectively and professionally. But it did find there was room for improvement and noted particularly:

- "The need to ensure that assets are sold by competitive tender unless there are good reasons to do otherwise."
- "The need for the corporations to take a more robust line in negotiating sales of assets to tenants."

The job of the Commission and of the development corporations is to obtain the highest value it can for any par-

ticular property but sometimes, the Audit Office found, the sellers were not using up-to-date valuations.

Since the report was published at the end of last year, the Commission has taken a number of steps to tighten up its operations.

It has closed individual offices in the London ring towns and centralised its London estate selling at its headquarters. It has stopped destroying its files.

More vigorous moves have been made to expose its properties to the widest possible market. The Commission has made certain that fresh valuations on a property are done if negotiations become protracted—it is reviewing each outstanding case every three months. And the development corporations have started to lean more heavily on professional advice.

Selling procedures can certainly be tightened up, but the timing of sales by the Commission is more difficult. The state of the economy ensures that there will be competition for sites around London, but this is not the case elsewhere.

To give the Government value for money, sales have to be carefully staggered. And here the instructions the Commission has are deliberately vague. "If the instructions were made more precise," Sir Neil once noted, "we would have to go, bell-for-leather in Skelmersdale, just like Crawley. We'd have to give the stuff away."

Paul Chesswright

The North West

A struggle to hold on to jobs

SKELMERSDALE was a dream of the future that never came. Central Lancashire was neither new nor a town.

Skelmersdale is struggling to climb out of the trough of its own economic despondency. Central Lancashire is bracing for a struggle to hold on to the jobs it already has.

They share the general problems of the North West region. And in the North West economy, notes Brian Birtwhistle, executive officer for the Commission for the New Towns at Central Lancashire: "You spend a lot of time not running to stand still exactly—that's too pessimistic—but you run hard to move forward gradually."

If the Government is looking for a bonanza of asset sales here, it will have to wait.

In Central Lancashire there is £50m worth of assets available. Split 50-50 between industrial and residential property, sales in the 1986-87 financial year will total £2m, but could reach £9m in 1987-1988.

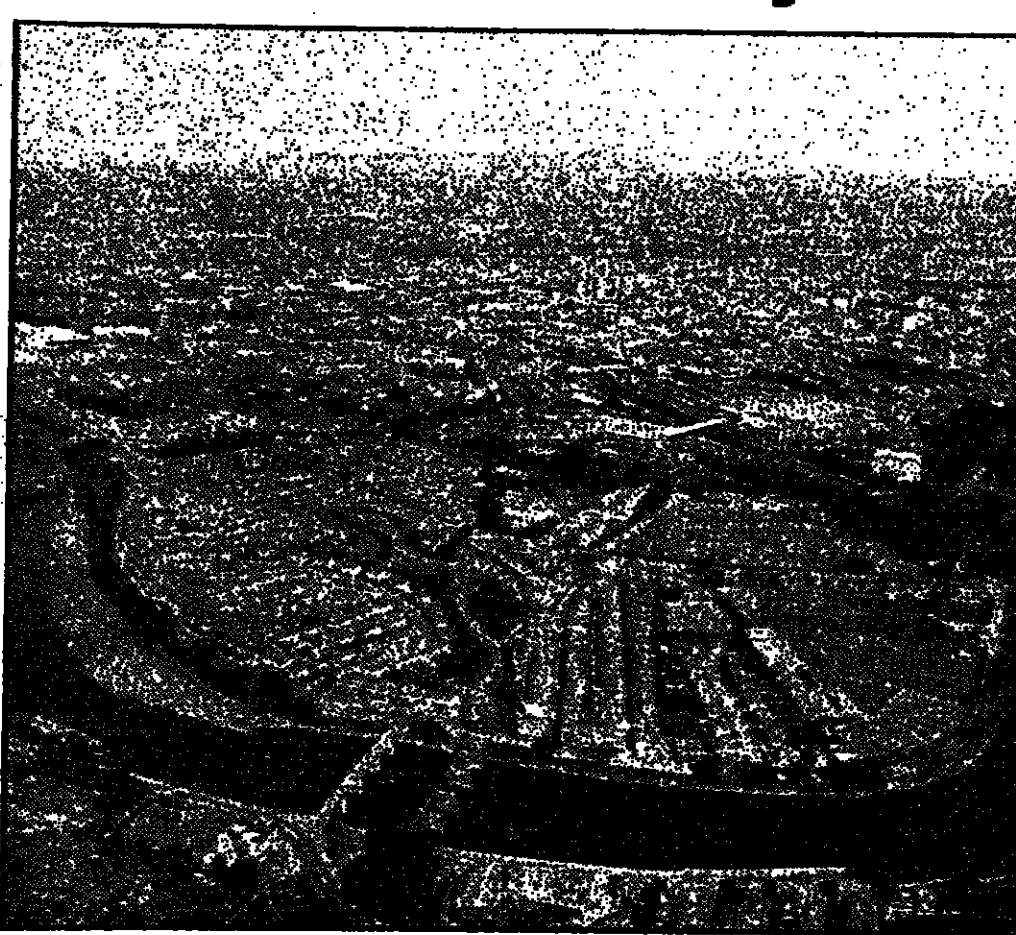
Assets for sale in Skelmersdale are worth about £25m, and sales in the current financial year will be about £500,000, rising to £1m in 1987-88. "We're trying to get the town moving to sell it off," says John Leigh, the CWT executive in Skelmersdale.

Both have seen plans for sharp population growth scaled down. Central Lancashire at one time was intended to grow from 235,000 to 400,000. It has reached 266,000 in 17 years. Skelmersdale was destined to start from scratch and have a population of 80,000. It has reached 41,500 and now has a revised target of 60,000.

Both were conceived out of prosperity—Skelmersdale to act as an overspill area for Merseyside with new economic activity in a fresh environment; Central Lancashire to act as a focal point for new development in the Lancashire of the post-tertiles era. But both tried to grow in the years of economic downturn.

Central Lancashire was really a development agency welded on to the local government machinery working in Preston, an old textile town; Leyland, a one company bus and truck town; and Chorley, a market town.

But Skelmersdale was in the literal sense a greenfield site, a town pitched into Grade One agricultural land. Only now is



Central Lancashire New Town: running hard to move forward

power gradually being returned to the West Lancashire District Council, a body of rural experience.

So far Central Lancashire has been able to hold its own. Its unemployment rate at 10.8 per cent is under the national average and some three percentage points under the Lancashire average.

There is a solid core of employment in Preston, a local government and police headquarters town. British Aerospace has plants in the area, people go outside the boundaries to work at British Nuclear Fuels, GEC Traction is a big employer. Then there is Leyland.

Leyland is to start shedding another 2,500 people. In the past, when it has cut its personnel, the job losses have been

absorbed. "To some degree, buoyancy has been able to accommodate the job losses. But the unfortunate thing is that we will not be able to make good the losses this time," Mr Birtwhistle warns.

Much of the work, first of the development corporation, then of the Commission for New Towns, has been to create jobs, so that the dependence of the area on the big employers is lessened. New industrial estates have been set up, old mills have been converted and refurbished as small industrial units.

Companies have come—BASF, Novotel, British Car Auctions, Serviceco—but they are not queuing up to take vacant sites.

The problem for Skelmersdale, on the other hand, was that

after the first rush of big companies to the town, the smell of failure began to pervade the place. Courtaulds and Thorn came and went. The knock-on effect took smaller companies out of business.

"Skelmersdale was recognised by the publicity of its closures," Mr Leigh says. But Dunlop stayed. Garrett Airsearch stayed to become one of the town's biggest employers with 600 people.

Now the big employers include Nacanco and the Co-operative Bank with its customer services bureau. Recently the National Farmers' Union elected to put a local headquarters in the town and Regentrest, a company controlled by the Richardson twins—property developers of Birmingham—look over for a nominal price the 425,000 sq ft factory which once was Thorn's.

For Mr Leigh this is evidence that "we're well on the way to pulling out of the trough we were in." One reason for this is that the CWT is stressing the virtue of Skelmersdale as a distribution centre—probably what attracted the Richardsons—and has thrown out the old development corporation policy of emphasising only manufacturing.

But the fact remains that unemployment is double that of Central Lancashire. The National Audit Office last December put it at 21 per cent. Local estimates have it higher at 24-25 per cent. This is the town's biggest problem, according to Mr Leigh, noting "social problems that come from lack of spending power."

Skelmersdale is no more isolated than Central Lancashire from the economic movements outside. Half the working population goes outside the town to work and is roughly balanced by the number coming in.

Paul Chesswright

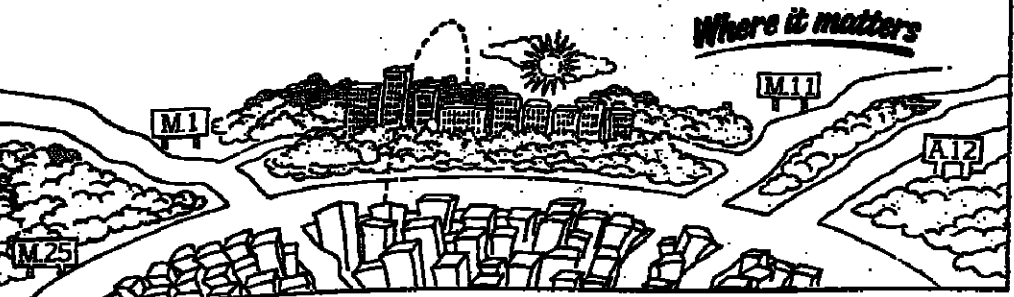
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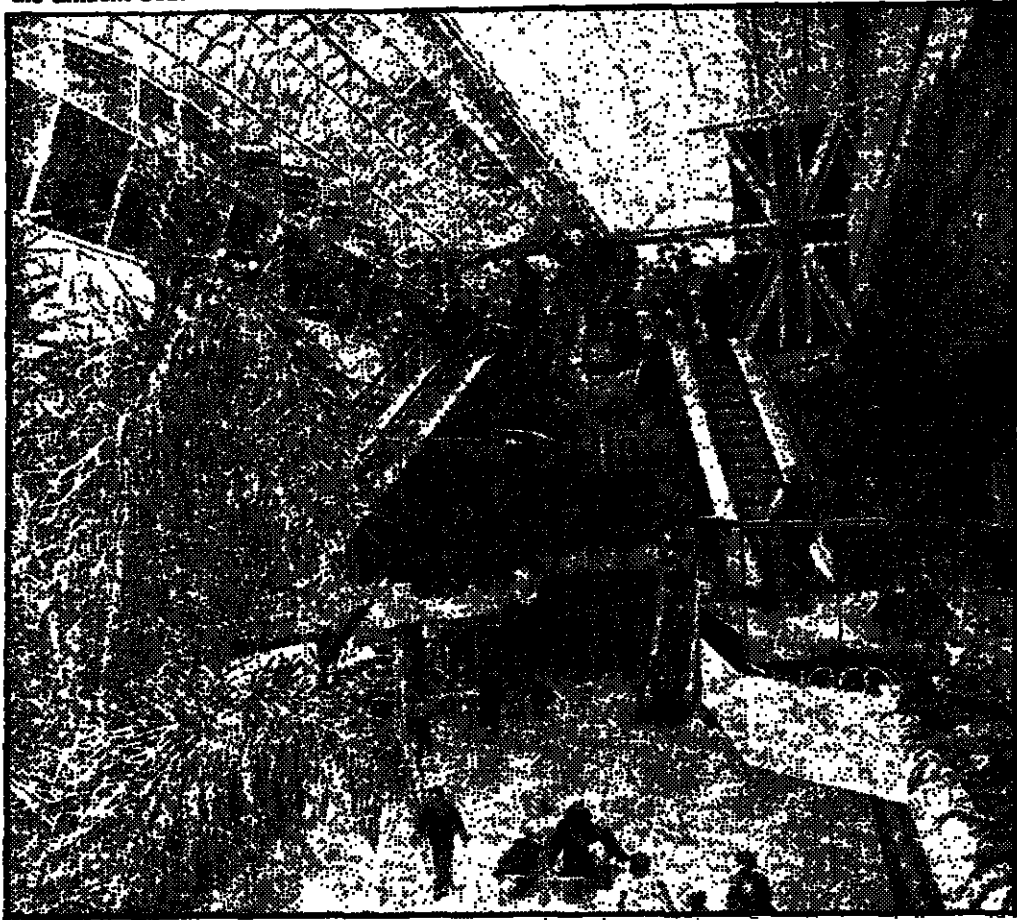
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NEW TOWNS 4



Above: the Old Town at Stevenage, a reminder of the past. Below: Shopping centre at Basildon, part of the affluent South East



The South East

Wider role in a prosperous region

PROSPERITY BRINGS planning problems as the South East of England is discovering. The prosperity pattern—particularly marked to the west of London, less so to the east—is pretty well reflected in the ring of New Towns around the capital.

All except Milton Keynes were designated in the immediate post-war period. Located within 25 miles of London, their main purpose was to provide overspill facilities for the population growth of the capital and new homes to replace those lost during the war.

The policy also was to provide work in the towns where people had been re-located. In this it has been largely successful, although unemployment in some of the New Towns is still higher than in the South East as a whole.

One of the main points of interest today is where the towns see their future. Apart from Milton Keynes, their development corporations have all been wound up and the assets transferred to the Commission for the New Towns for disposal.

At the same time, the councils are taking a much more active role in planning for the next stage of development of their towns.

Harlow, which celebrates its fortieth birthday this year, has just published the consultation draft of the plan which will take the town into the next century. Communications improvements, notably completion of the M25 orbital motorway, 10 minutes from Harlow, and the M11 between London and Cambridge, is pushing the town into a new and expansionary phase of development. The designation of nearby Stansted as the third London airport also puts new pressure on Harlow to provide homes and industrial space.

Mr Harry Platt, Harlow's general manager, says: "From being an insular town, we are finding ourselves with a new role in a prosperous region."

Housing was the main reason for the New Town going to Harlow in the first place, and it is housing which has been the main constraint on the town's expansion.

The Harlow master plan, drawn up by Sir Frederick Gibberd, the architect and planner, provided for a target population of 60,000. This was later amended to 80,000, to be housed in neighbourhood clusters with a primary school at the centre. The clusters were separated by

"green wedges" which are a feature of the town. Harlow has been losing population in the 1980s because it does not have enough homes for the younger generation. "They're leaving in droves, says one planning official. "We have the highest migration out proportionately of any district in the country."

Yet the town has also been identified as a suitable location to house those who will move into the area to work at Stansted, for which it is estimated about 1,000 homes will be required.

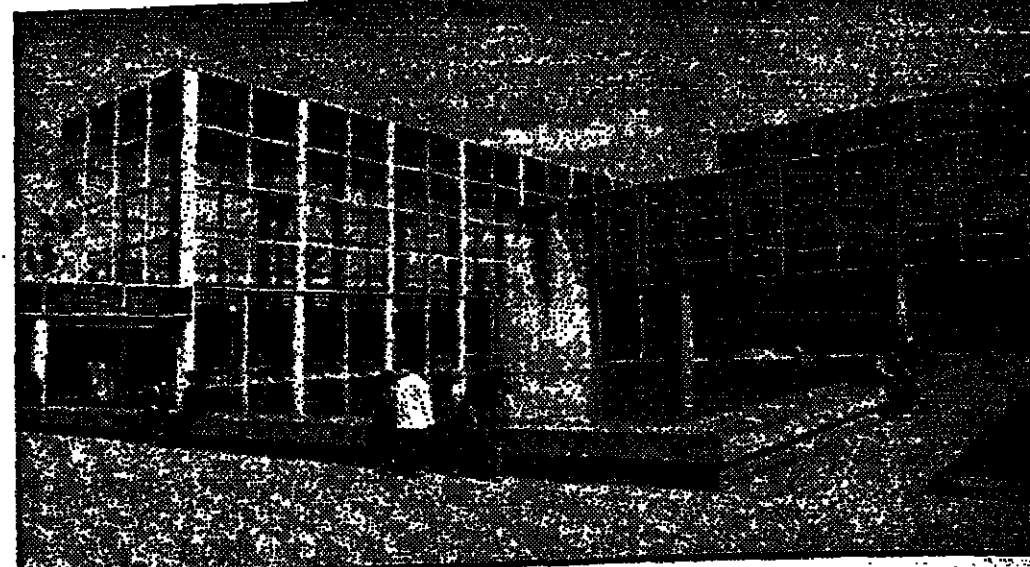
The problem was that insufficient land was made available for such expansion when the boundaries were defined. Harlow has had to go outside its boundaries for land and is awaiting approval by Environment Secretary for a site which would go some way to meeting its needs.

If approved, these new homes will be built by a private sector consortium, but some houses would be made available to the council for renting.

Existing houses—around 24,000—were transferred to the council when the Commission moved in six years ago. About 20 per cent have since been sold to tenants.

Harlow, in Essex, exemplifies some of the changes which affect these London ring towns and the efforts being made to meet the conditions of the 1980s and 90s.

Industrial and commercial interests in the South East are



Rebuilding in central Milton Keynes

focusing more strongly on Harlow, reflecting the growing interest in the eastern M25 areas. Land is still considerably cheaper at £220,000 to £240,000 an acre than just west of the town, and much cheaper than to the west of London, but Harlow is catching up.

The council is anxious to promote investment which will lead to good quality jobs in the town. As it is, about one-third of residents work outside, of which 40 per cent commute to London.

Good communications mean that about one-third of Harlow's workers live outside.

Residents believe Harlow is in danger of becoming a commuter town, aided by the Stansted development. That goes against the principles on which New Towns were founded, and of sense of community spirit—is proud. Hence, the council has become more and more involved in promoting the town to potential investors.

It also wants to anchor the town as a regional shopping centre—plans for a new centre, and for a new town hall, are included in the consultation document.

Housing, employment, leisure—the mix is the same as 40 years ago, but the planning challenge in the second phase of the South East's New Towns like Harlow is different and perhaps just as difficult.

Hazel Duffy

Corby

Town that had to survive steel

CORBRY, in the Midlands, has had a more chequered history than most of the New Towns. It was designated in 1950 and the development corporation was set up largely for two reasons: to provide a better living environment for the thousands of workers employed in the steel industry, and to foster alternative types of employment to steel.

It was not until 30 years later that the full force of the second reason came to be tested, to an extent that must have met the worst fears of the original planners. The British Steel Corporation's closure of the integrated steelworks left BSC Tubes the sole employer of steel labour in the town.

More than 6,000 were made redundant by BSC, presenting Corby with the huge task of finding replacement jobs. Corby had just been transferred to the Commission for New Towns, and a programme of asset disposal, in accordance with Government policy, had been drawn up, when the blow struck.

A joint approach to the problem was vital. The development committee was set up from the county council, district council, BSC Industry, and the Commission, and a director of development appointed.

In 1981, Corby became the first enterprise zone in Britain. This designation put industrial development outside normal planning regulations (other than building regulations) and granted companies setting up in the area a 10-year rates holiday from 1981.

Corby had several advantages over towns in other parts of Britain struck by similar disasters. It is close to major road networks (and links to the East Coast ports will be improved substantially with the expected go-ahead for the M1-A1 link).

It also enjoys pleasant rural surroundings—an attraction to incoming executives in particular. It is the closest area to London which qualifies for regional development grants and regional selective assistance.

And, as a steel closure, it has a long history of industrial development. Community grants to facilitate clearance and reclamation of the land on which the old steelworks stood.

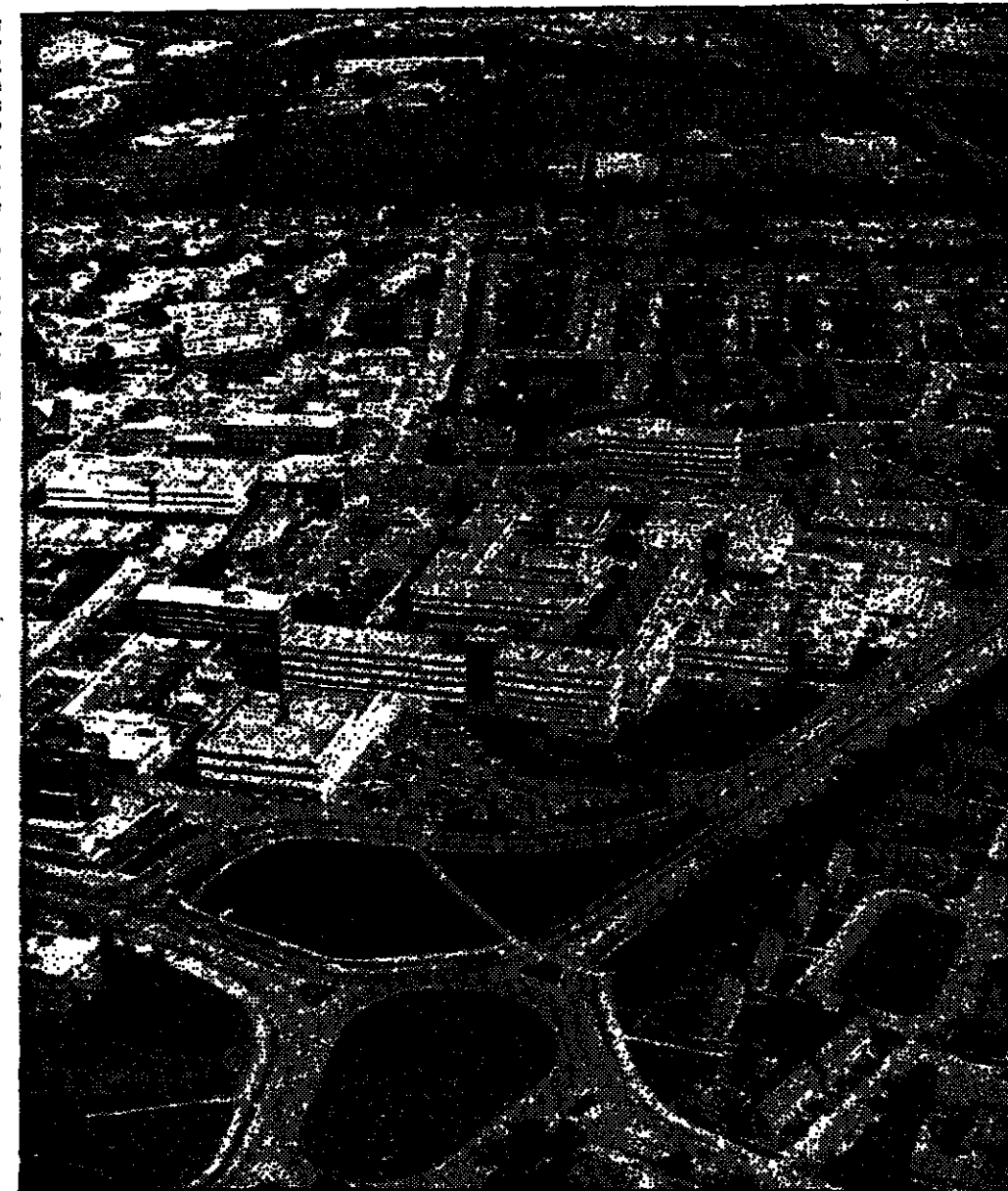
Rapid rehabilitation was essential. "We had to show the people of Corby that the steel era was over and to give them the confidence that a new era had begun," says Mr Graham Lloyd, executive officer of the New Towns Commission at Corby.

"We provided the land (the development body bought 300 acres from BSC most of which formed the base of the enterprise zone), bricks and mortar, and advice."

As far as possible, it aimed to become the "one-stop shop" where industrialists considering Corby could obtain all the information and help they needed, along the lines of the development agencies in Scotland and Wales.

It was a vastly different challenge for the Commission than when it had gone in to take over from development corporations in other New Towns. The corporations themselves had never had to face the disappearance of the economic base of the community on this scale.

With the district council, the Commission became the driving force in attracting jobs. The timing was not helpful. British industry was embarking on a period of stringent slimming down, the consequences of which became particularly apparent to the west and north of Corby. Hardly a town in the region was unaffected.



Corby town centre: Transport links to Corby continue to improve

Corby had succeeded in bringing about 6,000 jobs to the area, just about making up for the loss from the steel industry. Unemployment is high at around 18 per cent, but it is going down and is now considerably lower than it was immediately after the closure.

Corby could not afford to identify sectors on which to concentrate its promotion efforts. Jobs were needed, and quickly. There have been disappointments, notably Commodore computers, which came, and went when its market collapsed.

More than 60 per cent of the business base, however, is industrial—much higher than in other parts of the country. Furthermore, the very diversity of that base—in contrast to that formerly—affords hope that there will never be a repeat of closure on the scale of 1981.

The Commission has invested about £10m a year in Corby since that date, preparing sites, and building factories. Some have since been sold, sometimes to tenants.

But asset sales, which were the original reason for the Commission going into Corby, had to take a back seat for much of the time. So far, they have brought in £13m. Now, the emphasis is again being placed on sales as the emergency period of jobs provision draws to a close.

No date has been set for the Commission's withdrawal. But, barring setbacks, the next five years should see the job completed. By which time, the last remaining vestiges of steelmaking on the skyline outside Corby will have been ploughed into the ground.

Hazel Duffy

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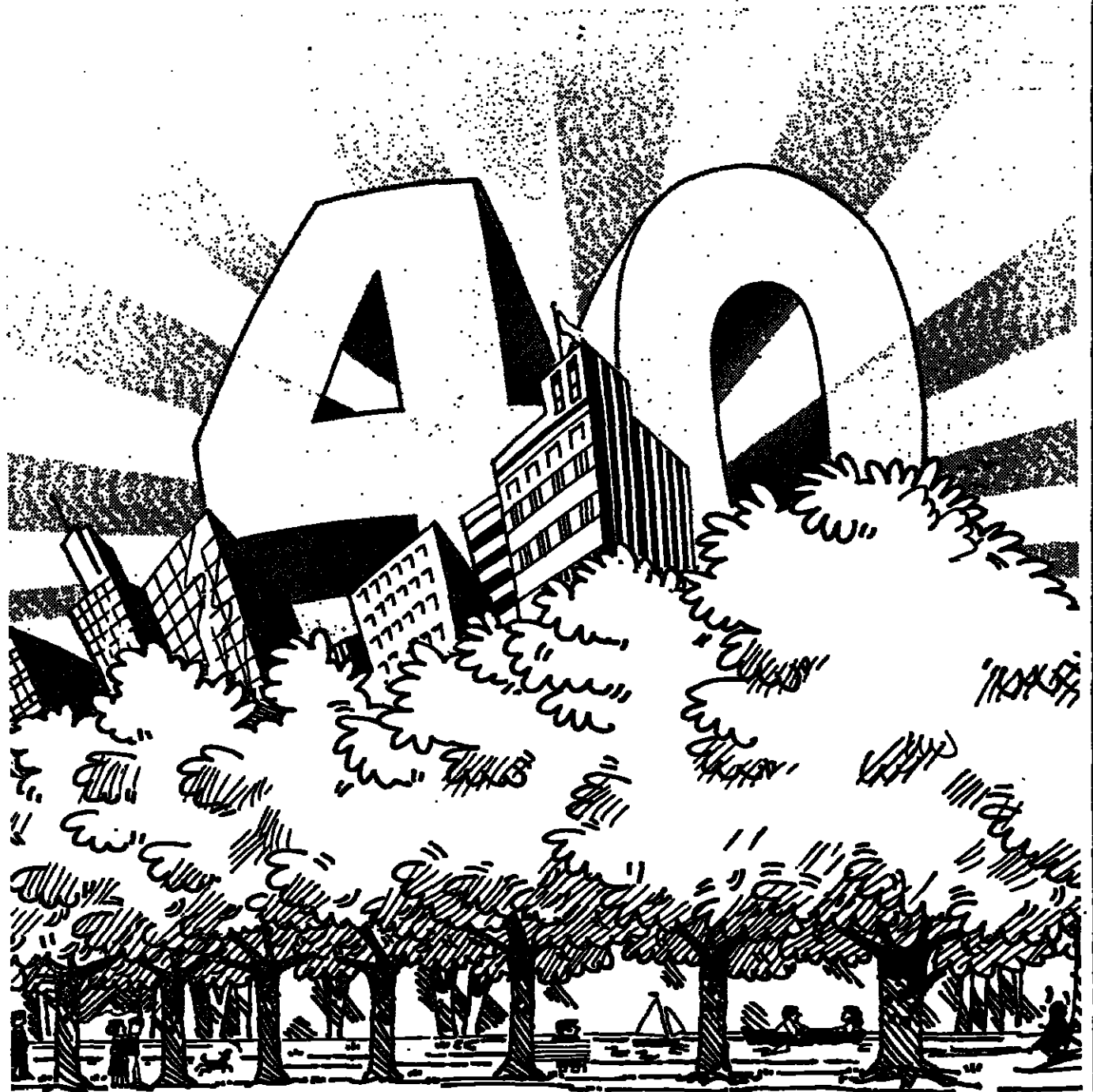
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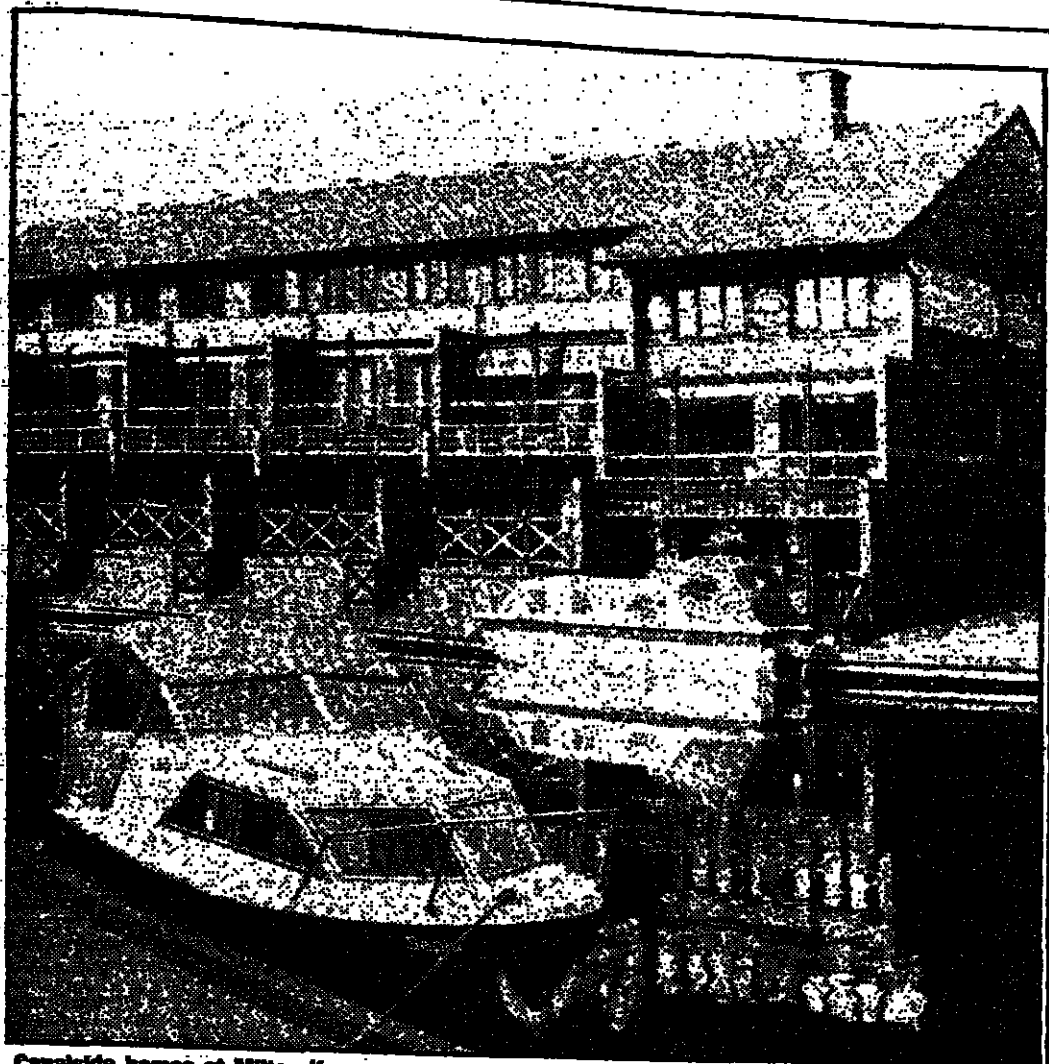
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NEW TOWNS 5

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Cairnside homes at Milton Keynes

Housing

Sharp variations in style and quality

HOUSING IN the New Towns is uniform, unimaginative and dreary, many people say—particularly those people who do not see a New Town from one year's end to the next. The question is, how firm a foundation, if any, does this prejudice have? The answer, looking at what is on offer in the range of new communities, is that it is decidedly shaky. Because the New Towns—now giving way to another fashion, for Inner City redevelopment—are not the product of centuries of largely unregulated growth as are our cities, it is not within their nature to be as various and individualistic as cities. They simply do not have the legacy. But it is within the scope of the New Towns to give their inhabitants cleaner, roomier and altogether more comfortable homes than otherwise might have been possible. Elsewhere, the prevailing aesthetic, it sometimes seems, is

now moving away from the light and space which New Towns are about, and back towards the crowding, cobbles and muck from which New Town dwellers fled in the first place. The more the houses of the New Towns, with their greens and car-free areas, succeed in delivering pleasant homes for all kinds of people, the more they displease the fashionably-minded. What is on offer in housing in the New Towns varies sharply in quality, not only from town to town but within the same place. Harlow, for instance, has some of the worst low-rise accommodation and some of the best high-rise that is to be found—although people of different tastes might argue that it is the other way about. Corby, Skelmersdale and Telford can be as dreary as this country gets. On their day, Bracknell, Stevenage or Welwyn Garden City can be as cheerful as anywhere. In either case, the

reason is not solely nor even primarily architectural. Possessed of greenfield sites and large amounts of public—and these days, private—money, the New Towns have had the freedom to throw open housing design to architectural competition. Though this can result in acres of housing representing the ruling architectural fad of the day, at best this desire to innovate means the first fully-cabled houses, more energy-efficient homes. In many cases it means far better homes than are on offer anywhere else and with more spacious surroundings. For many, Milton Keynes encapsulates what a New Town can be. Part commuter town, part self-sufficient, it is a place of some vitality, and the housing reflects that. Milton Keynes claims an average 2,500 completions every year for the past five years, about 1 per cent of the national total. There is a wide variety of home, both in style and tenure—including some shared-ownership homes, for example. The balance has swung away from the building of homes for rent towards homes for sale, and there are no fewer than 40 developers at work on 86 sites. The development corporation's exhibition last summer of 50 of the most energy-efficient homes in the country attracted considerable attention. These ranged from one-bedroom designer starter homes to five-bedroom detached houses. Perhaps the strongest guide to Milton Keynes' enthusiasm to provide variety of housing is its self-build programme, where plots are provided, with main services, for individuals or families to put up their own homes. Advice is provided for those who need it and the full cost of the plot can be deferred. Such moves are bound to attract both a greater diversity of housing and people. Individuality, if sometimes at bay in the New Towns, is now reasserting itself strongly. Ross Davies

NEW TOWNS probably loom larger in Scotland than they do in England. Though there are only five of them they are seldom out of the news for long, mainly because it is in the New Towns that most new industry in Scotland is located. No less than 80 per cent of companies setting up in Scotland choose to go to the New Towns, and such moves are always widely publicised. Some of the older New Towns get media coverage on the melancholy occasions when plants have been in existence for the best part of a generation close down. Scotland's New Towns were created for two reasons: first, to strengthen the Scottish economy by providing an environment in which industry could prosper and flourish; in the words of a Scottish Office policy statement of 1981; and, second, to take population and industry away from congested urban areas, mainly Glasgow but also other towns in western Scotland. These were the origins of East Kilbride, founded in 1947, just south of Glasgow; Cumbernauld, established in 1955 to the north-east; Livingston set up in 1962 to the west of Edinburgh; and Irvine in Ayrshire, set up in 1966. Glenrothes, in Fife, was originally established in 1949 to cater for coalminers moving from western to eastern Scotland as mining in the west ran down, but then became a centre of economic growth anyway. A town at Stonehouse, near Glasgow, was abandoned in 1977. No one doubts that the five New Towns have already fulfilled their function of providing overspill housing: some 256,000 people live in them—the most (70,000) in East Kilbride, the fewest (38,000) in Glenrothes. In fact some of the criticisms of the New Towns policy in Scotland is that in a country whose population is slightly in decline anyway, they have drained too many people away from Glasgow, leaving it somewhat empty. The same criticism is made, on a smaller scale, in respect of towns lying close to successful New Towns, for example Bathgate, which is to some extent overshadowed by Livingston. With the overspill function

fulfilled, the emphasis has concentrated purely on attracting industry and stimulating economic development. The New Towns corporations complement the major efforts to attract inward investment by the Scottish Development Agency. They sell themselves hard individually, proclaiming their greenfield environment and the financial incentives and ready-made industrial sites they can offer. It is reckoned that the New Towns have provided about 30,000 new jobs since they were established though it is complicated to measure objectively how successful each New Town has been. Each has its prestige companies—such as Motorola at East Kilbride or Rodime at Glenrothes—but they have also had their disappointments, such as the recent decision of Unisys to pull out of Cumbernauld and concentrate its activities in Livingston. Livingston is arguably the brightest star among the Scottish New Towns at the moment, growing fastest thanks in part to its geographical position nearly mid-way between Edinburgh and Glasgow. It has succeeded in attracting many of the new crop of electronics and biotechnology companies coming to Scotland and in 1985-86 had its greatest growth in employment since it was founded—a net increase of more than 1700 jobs. Yet Livingston still has a 17 per cent unemployment rate. Its current population is 40,000. By contrast Glenrothes is growing fairly slowly, and the number of jobs created through the arrival of new companies could barely match the number of jobs lost through the shutting down of other concerns. Not only does Glenrothes lack a dual-carriageway connection to the M90 motorway, but the town recently lost its special development area status. Its development corporation's latest report notes a sharp falling off in interest and inquiries from prospective investors. It laments that Locate in Scotland, the offshoot of the SDA which deals with inward investment, does not now steer major inward investment inquiries towards Glenrothes "as it is considered that inquirers do not want to waste time consider-



Work under way at Shawfield, East Kilbride, Scotland's largest private housing development.

represented a slight scaling down of the population objectives of all the New Towns. For East Kilbride the winding up process would begin when 90 per cent of the designated population of 82,500—in other words 74,250 compared with the present 70,000—was reached. For Irvine, the youngest New Town, the trigger was put at 66 per cent, representing a trigger population of 63,000 compared with the present 55,400. Mr Younger said he did not expect any New Town to reach its trigger before 1990 and that there would in any case be no winding up before that date. Further, the government would review the percentages and timings in 1988. The Scots evidently like their New Town corporations (though there have been some criticisms of their secrecy in comparison with other local authorities) and they like the special services they provide. The older New Towns are selling off homes to their tenants at concessionary rates: Cumbernauld now has a level of home ownership of 43 per cent and East Kilbride of 39 per cent. Livingston is also selling property. But Glenrothes, also participating loyally in this programme, said in its 1983-86 annual report that the effect of property sales, combined with that of building restrictions, was to leave the town short of houses in which to accommodate people who wished to move there. James Budon

ing locations where maximum grants are not available." Glenrothes has a population of about 38,000. The Scottish New Town development corporations report to the Scottish Office and are in that sense separate from their English counterparts, though they are ultimately funded by Westminster. Nevertheless, in 1982 Mr George Younger, then Secretary of State for Scotland, recognised the objective of eventually winding up the New Town corpora-

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	Date of designation	Designated population	Population at trigger %	Population at present*
East Kilbride	1947	82,500	90	74,250
Glenrothes	1948	55,000	79	43,000
Cumbernauld	1956	70,000	77	54,000
Livingston	1962	70,000	71	49,500
Irvine	1966	95,000	66	63,000

* March 1986
Source: Scottish Office



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Kidder, Peabody International Limited	Lloyds Merchant Bank Limited
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Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for the Bonds (in the denomination of U.S.\$5,000) to be admitted to the Official List. Interest is payable annually in arrears on 15th April, the first such payment being due on 15th April, 1988.

Particulars of the Bonds are available in the Exel Statistical Services. Copies of the Listing Particulars may be obtained during normal business hours on any weekday up to and including 2nd April, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 14th April, 1987 from—

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1 Finsbury Avenue,
London EC2M 2PA.

31st March, 1987

APPOINTMENTS

Chairman for W. A. Tyzack

W. A. TYZACK's chairman, Mr. Neville Hughes, will retire on May 1. Mr. Phil Dacombe, chairman and chief executive of Rea Brothers, the company's merchant bankers, has been invited to join the board and to become non-executive chairman in succession to Mr. Hughes. Mr. Nigel Wheatcroft will retire at the annual meeting in December and will be invited to become president. Mr. Keith Gwynne Jones, Gild's representative on the board, has resigned following Gild's disposal of its interest. Mr. John Turnbull and Mr. Don Stain, both senior executives, have been invited to join the board from May 1.

MORGAN STANLEY INTERNATIONAL has appointed Mr. Michael Armitage to head its London electronics/technology research effort. He joins from Jones Capel and Co where he was a member of the electronics team.

Mr. Michael R. Legat has been appointed a director of THE COPYRIGHT LICENSING AGENCY replacing Mr. Peter Dickinson who has resigned for personal reasons.

SINTROM has appointed Mr. Adam Al-Falah as managing director, and to the board of its independent computer maintenance subsidiary, Systmatic.

AGRICULTURAL GENETICS COMPANY has appointed Mr. Ray Spreadbury as director, seeds and business development, a new post. He was managing director of Twyford Plant Laboratories.

WATNEY MANN & TRUMAN BREWERS has appointed Mr. L. D. McKee to the board as personnel and administration director. He joined WMTB in June 1986, after holding personnel posts at Mobil Oil Company and Leyland Cars.

Tower Hamlets councillor, Mr. Jonathan Mathews, has joined the board of the LONDON DOCKLANDS DEVELOPMENT CORPORATION. Councillor Mathews represents Blackwall Ward on the Alliance-controlled Tower Hamlets Council and is a member of the Isle of Dogs Neighbourhood Committee. He is a tutor at the Architectural Association in London and lives to the north of the Isle of Dogs in Tower Hamlets Docklands.

Mr. D. H. L. Hopkinson has been appointed a director of THE WOLVERHAMPTON & DUDLEY BREWERIES.

Senior management changes have taken place at KAVIL, manufacturer of Primula cheese spreads and Kavil crispbread. Mr. Peter Bone has been appointed managing director.

Bagnall is now financial director in addition to company secretary.

LONDON INTERNATIONAL GROUP has appointed Mr. A. F. Thomas as managing director of fine china based at Worcester.

DATA LOGIC, a Raytheon company, has appointed Mr. Richard Osborne to the board as director of its worldwide financial systems business. He joins from Aegion, where he was managing director.

Mr. John Funnell has resigned as a director of BRINT INVESTMENTS and certain of its subsidiaries, including WestAvon, of which he was deputy chairman and joint managing director. Mr. Jonathan Bradley becomes sole managing director of WestAvon.



Sir Kenneth Corfield, who has been chairman of Distributed Information Processing, a City-based independent micro-computer company, Sir Kenneth, former STC chairman, is partly funding DIP's expansion.

HARLAND SIMON has appointed Mr. J. P. Reynolds as sales director. He was sales manager.

The NATIONAL FREIGHT CONSORTIUM has appointed Mr. Malcolm Ian Pearce as non-executive director, following the retirement of Mr. Frank Law. In 1982 he became financial director of the Habitat/Motherscare Group and was appointed as a non-executive director of the Storehouse Group in 1986.

Mr. Paul Lipscomb, who joined the Northwick group in 1985 as director of business development, has been appointed a director of NORTHWICK.

Mr. Mick Marling has been appointed technical director of CELAB-EXEM.

A new innkeeper director has been appointed at USHERS.

Paul Morris has taken over after serving as personal director for the past four years.

Mr. Louis Lawrence has been appointed chairman of Maidenhead-based contract packer, BOXALL.

HILLARDS has appointed Mr. Robert W. Stuck as a main board director with a prime responsibility for distribution. He was formerly deputy managing director of Wm Morrison Supermarkets.

Y. J. LOVELL (HOLDINGS) has made the following appointments from April 1. Mr. Alan Rees becomes managing director of Rendell Partnership Developments at Devizes. He joined the group in 1986 as director and regional manager of the Western and Anglian regions of Rendell Partnership Developments. Mr. Alan Miller, the regional manager at Abingdon, becomes a director. Eddies board director Ted Wakeham, who is managing director of both Lovell Partnership and P.O.B.E., becomes chairman of Rendell Partnership Developments.

WATERLOW PETTY BUSHNESS FORMS, part of The British Printing and Communications Corporation, has strengthened its senior management team. Managing director Mr. Brian Pettigrew has been appointed group managing director of BPC's Security and Printing Group and although he remains in his position at Leeds-based Waterlow Petty, the commercial director, Mr. Charles Mills has been appointed deputy managing director to assist in the day-to-day running of the company. He will be supported by fellow director Mr. Colin Camfield, sales director; Mr. David Thompson, financial director and Mr. Alan Towen, works director.

Mr. Dennis Simmons becomes managing director of CITY & METROPOLITAN BUILDING SOCIETY in succession to Mr. Geoffrey Goss, who retires at the end of March.

Mr. Mike Pili has been appointed finance director for LEO BURNETT LONDON, and regional finance director for Europe and the Middle East.

EMI RECORDS (UK) has appointed Mr. Roger Le Comber as its international director. He joins the international division in London after 18 years with EMI Music (South Africa), where he has held a variety of executive positions within the sales and marketing fields of the record, audio merchandising and video divisions.

Mr. W. Ter Green has joined the board of JACK WALKER ASSOCIATES as an additional

IMI finance director

Mr. Gordon Lindsay Taylor has been appointed finance director of IMI from July 1. He succeeds Mr. W. Brittain, who is retiring. Mr. Taylor was chief accountant.

SCHERING HOLDINGS has made the following appointments from April 1. Mr. Terry James becomes chairman of Schering Health Care with Mr. Miles Wallace appointed managing director of that company. Mr. Duncan Stables succeeds Mr. Wallace as finance director of Schering Holdings, and Mr. Stables succeeds as chief accountant of Schering Agrochemicals will be Mr. Robert Parks.

Mr. Peter R. de T. Beale has been appointed joint managing director of EXECUTIVE ACTION.

At CENTRAL INDEPENDENT TELEVISION, following the sale by Leifur of its shareholding to Carlton Communications, Mr. John Jackson has resigned as a director of Central. Mr. Robert Phillips, group managing director of Carlton Communications, has been appointed as a non-executive member of the board. Mr. Phillips is a former managing director of Central.

Mr. Richard Stokes has been appointed an executive director of ERA TECHNOLOGY. He is manager of the power engineering division. Dr. Martin Deveney, manager of the engineering materials division, also becomes an executive director. Mr. Jack Donald is made an associate director. He is manager of the computing technology division.

Mr. Hugh Belland, managing director of Schroders Asia, Hong Kong, has been appointed chief executive of Schroders Australia. He is succeeded in Hong Kong by Mr. Nick MacAndrew, a senior director in the corporate finance division of J. HENRY SCHROEDER WAGG & CO in London.

FERGUSON INDUSTRIAL HOLDINGS has appointed three executive directors to the board: Mr. David Beller, managing director of Harkwell Adhesive Labels; Mr. John Gilbert, managing director of Harkwell Cartons and other printing subsidiaries; and Mr. Tony Hall, co-founder and managing director of Atlas Hoses.

The GALLIFORD GROUP has appointed Mr. John Livingston as financial director. He was financial director for William Leach. Mr. Roger C. Williams, financial controller, has been promoted to group company secretary. Mr. David Swatham, former British Lions and England Rugby Union player, has been appointed marketing director. He was previously director of sales and marketing with the Tern Build-

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FINANCIAL TIMES

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Tuesday March 31 1987

Open markets in telecoms

IN A FEW weeks' time the French Government will be a decision which will either reinforce national barriers in an important industry or point the way towards a more open European market. The decision will be whether CGCT, the weaker of the country's two state-owned suppliers of telephone exchanges, should seek an alliance with Siemens of Germany, American Telephone and Telegraph (AT & T) of the US, or—just possibly as a compromise choice—Ericsson of Sweden. What matters is not so much the identity of the winner as the need to use whatever agreement is reached to level the playing field and to open Europe's closed telecommunications markets.

Traditionally, Europe's principal telecommunications authorities, such as the Bundespost in Germany, the Post Office in Britain and the DGT in France, have bought main telephone exchanges from national suppliers. The result is that none of the manufacturers has enjoyed economies of scale; costs per line to subscribers are far higher than they need to be. British Telecom, successor to the Post Office, broke with tradition when it chose Ericsson to supply the so-called System X exchange in competition with System X produced by Plessey and GEC. The German market remains the preserve of Siemens and the TTT subsidiary which is now owned by CGE of France; in France DGT splits its orders between CGE (currently 86 per cent) and CGCT (14 per cent).

Marginal player

One of the dangers in the long struggle over CGCT is that, if the French Government decides to bestow its favours on Siemens, this will be seen as a *quid pro quo* for CGE's newly secured presence in the German market; the cosy duopoly may continue in both countries, with no intruders allowed. It was this possibility which led the US authorities to threaten retaliation against Siemens in the American market.

Clearly domestic politics will influence the outcome. CGE is about to be privatised; the government will be anxious not to damage its prospects. Similarly, in a pre-election period the authorities will want

to show that CGCT will be secure and prosperous with its new partner—even though it is one of the most marginal players in the industry. In the longer run there are indications that the DGT, perhaps envious of British Telecom's commercial freedom, will insist on choosing the equipment that best suits its needs—even from outside the duopoly.

If Siemens is the chosen partner, it should be conditional on more open markets in both France and Germany. There should be no guarantee that CGCT will retain its share of the French market for the indefinite future. It might be argued that the entry of AT&T will be better for Europe; as a newcomer with no established position to protect, it has an obvious interest in freer competition. There is no ground for discriminating against AT&T on grounds of European solidarity: in any case its links with Philips of the Netherlands provide useful European credentials. But AT&T may not provide the same opportunity for influencing events in Germany, which has the largest market and, in the Bundespost, the most defensive and conservative telecommunications authority.

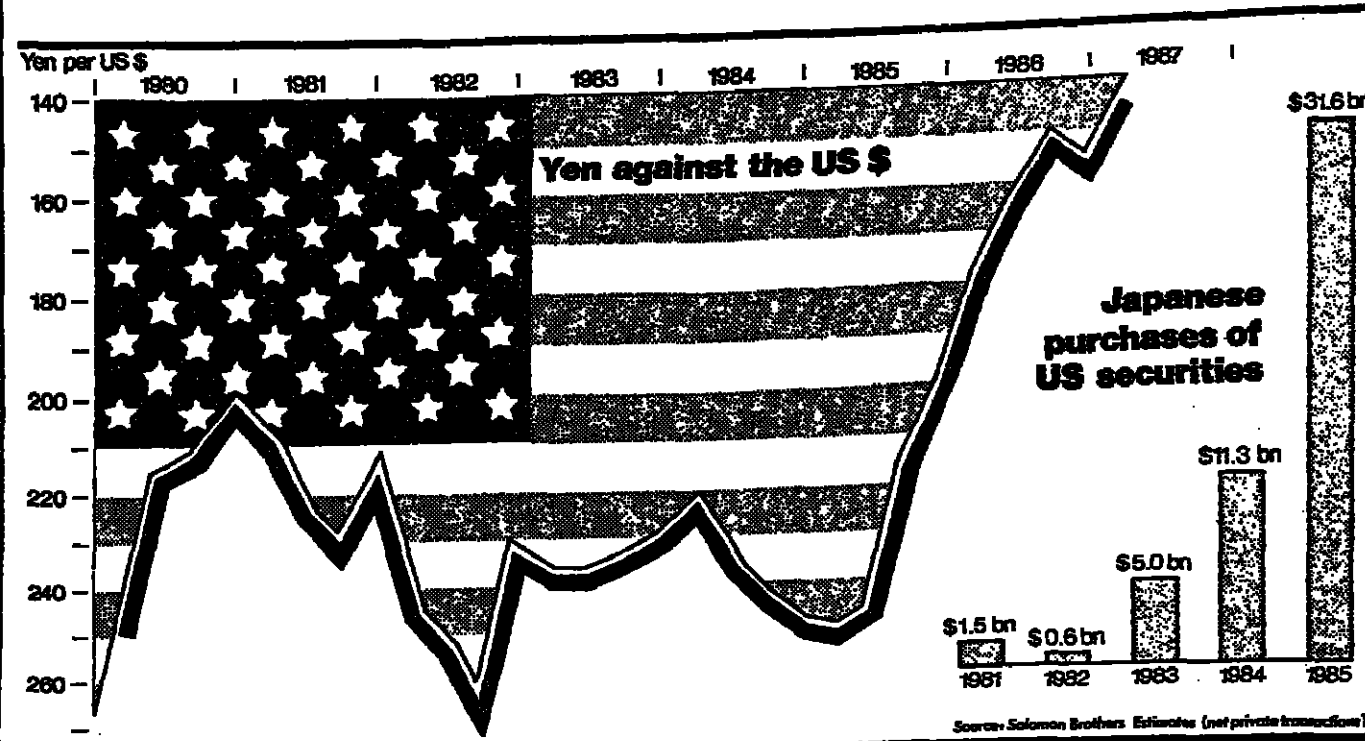
Under pressure

A unified European market cannot emerge without a change of attitude in Germany. Fortunately, the Bundespost is coming under pressure at home, a government-appointed commission is expected to recommend substantial deregulation and perhaps even the establishment of rival network operators.

A reduction in the monopolistic power of the Bundespost and similar bodies in other countries is a necessary condition for the emergence of the new, Europe-wide telecommunications services which modern technology makes possible. Other moves are also needed, notably the development of standards to facilitate links between the different national networks.

The handling of the CGCT sale has been a classic example of how not to take industrial decisions. The onus is on the Chirac Government to use the resolutions of the affair as an opportunity to move towards more open markets.

In Tokyo, Washington and London, there is talk of trade war. Ian Rodger takes the temperature in Japan...



Nakasone in reverse

ONCE AGAIN, Japan has succeeded in getting almost the entire world angry at it for its allegedly inequitable trade practices. But this time, attitudes seem to be hardening to a dangerous extent on all sides, making the outcome less certain than on similar occasions in the past. In newly prosperous Japan, there is impatience with foreigners' complaints, and an unusual amount of blister from the government about "appropriate" retaliatory measures. Also, the Japanese government itself is in an unusually fragile state. It faces startlingly strong opposition at home to some of its recent economic reform proposals and thus may be unable to apply as much pressure on entrenched opposition to open markets as it has on similar occasions in the past.

On the other side, both the US and the UK have chosen to threaten punitive action beyond the sector in which they are in dispute. This tactic is considered dangerous in trade negotiations because it can lead rapidly to escalation. In the US case, alleged Japanese infringements of an agreement on semiconductors may bring retaliation across a wide range of electronic products. The UK is threatening retaliation in banking and airlines for a Japanese action in telecommunications.

In the end, Japan, with its large dependence on foreign trade and on the US for its security, has little means of opposing its allies' demands that it continue to improve its trading behaviour. But the trade outlook seems disconcertingly unpredictable. The latest storm has blown up remarkably quickly.

The simple explanation is that the Japanese are like every other people—set in their ways, and reluctant to change until absolutely forced. Japanese leaders in both the public and private sectors know that the old protectionist patterns established and honed in a period when Japan was a weak developing country—can't continue now that it accounts for more than a tenth of the world's output. But they resist change as long as possible. For example, they defend controlled interest rates and big tax incentives for savings, which remain famously high: the average household in Japan saved 18 per cent of its disposable income in 1986, more than double the average US household rate of 8.2 per cent.

That means banks have a large supply of cheap money and pressure their industrial customers to borrow and build. Industrialists, in turn, still demand that their salesmen reach ever higher sales targets. Buying Japanese goods reinforces the process. The semiconductor industry, one of the objects of current US wrath, is an excellent example of these patterns. Having identified the chip sector as strategic, the leading Japanese electronics companies invested aggressively in capacity and then carried their inevitably ferocious price war with each other all over the world, knocking out foreign, mainly US competitors in the process.

The US government eventually lost patience and, after threatening anti-dumping duties on chip imports, won agreement in September from the Japanese industry last summer to sell around the world at fair market prices and to help US producers sell in the Japanese market.

Six months later, US chip makers are still complaining—and producing evidence—that the Japanese are selling at unrealistically low prices in third markets. Japanese officials blame the fact that the pact came into effect at the same time as a sharp slump in the market. Thus, there has been excess supply, creating opportunities

for grey market operators to buy Japanese chips in Japan at low prices and sell them in third markets at lower prices than the Japanese producers' controlled prices. Interestingly, there is a growing split between the Ministry of International Trade and Industry (MITI) and the semiconductor industry on the handling of the dispute. Some industry leaders, who resent the loss of sales caused by production quotas and imposed price increases, feel they would have been better off with the US anti-dumping duties than the chip pact.

As in semi-conductors, Japanese leaders can point to several changes that have been made in the country's trade practices in response to foreign complaints and, more recently, in response to the pressure of the high yen. Tariffs have been lowered, non-tariff barriers removed and various market opening measures applied.

The industries that affect the trade balance are cars, machinery and electronics. Motor vehicles alone account for 20 per cent of the country's exports. Japanese motor industry leaders like to point to the 40 per cent increase in export over the last year, especially from Europe, but the growth is from a tiny base. The value of motor vehicle exports last year was 38 times greater than that of motor vehicle imports. Similarly, discordant trade trends can be found in machinery (19 per cent of exports) and electronics (16 per cent).

It is true that these industries have been moving rapidly to build manufacturing capacity overseas, but so far there is little evidence that they have moved the necessary machinery to these moves; that is, the contraction of manufacturing activity in Japan.

For example, by 1990, Japan will have capacity in the US to make 2m cars a year. But some industry leaders seem to think that they will be able to contain this capacity to 2.5m cars a year to the US as well.

"If you make that simple calculation, we appear to have a big problem," a senior Toyota official said recently. "But if we can develop the other is stuffed with black troubles (celebrating the Corvair era) where Chirac is a deputy."

Bocuse says that the two quails can either be laid "side by side, back to back, or head to head" but that the quail stuffed with foie gras should be placed on the left of the plate. Sauce from the Elysée quail should then be poured on the Matignon quail and vice-versa.

The dish is being added to the menu of Bocuse's Lyon restaurant and will live longer, says the chef, than the political cohabitation it marks.

Fruitful economy
Albania, condemning Gorbachev's economic reforms as "capitalistic," strides to a Stalinist path towards the promise of plenty.

The ministry of agriculture has just held a national meeting, attended by the Prime Minister and other members of the Politburo, on olives.

The opening report praised the party's devotion to olives, especially that shown by the country's late leader, Enver Hoxha. Under his guidance, it was said, the number of olive trees multiplied 3.7 times, and those bearing fruit 2.4 times.

On the hop
Texan corporate raider, T. Boone Pickens, is being credited as the author of this story doing the rounds in Washington.

A group of ladies met a frog which seemed to be a Texas oil millionaire under a magic spell and pleaded to be kissed. One lady promptly seized the frog, but instead of kissing it, she popped it into her handbag. Why, asked the others, hadn't she just kissed the frog as it had begged? "Because," she replied shrewdly, "a talking frog is worth more than a Texan oil millionaire."

Observer

Britain brandishes the rule book

THE BRITISH Government faces a difficult task in deciding how to respond to growing public clamour for retaliation against Japan in the wake of its refusal to grant Cable & Wireless a significant stake in the opening of its telecommunications market.

On Thursday the Cabinet is due to examine a range of options being prepared by the Department of Trade and Industry, but it is already clear that its room for action is circumscribed both by Britain's traditional policy of refusing to act "illegally" in trade matters and by official reluctance to use the obvious weapon of retaliation against Japanese financial institutions in the City.

Yet the head of steam that has developed in the Commons over the past week with the active encouragement of Mr. Alan Clark, Trade Minister, means that the Government risks being held on a political pincer party of its own making if it comes up with measures that fail to satisfy public opinion. The review of possible action against Japan was commissioned some time ago by Mr. Paul Channon, Secretary of State for Trade and Industries, as part of a general effort to force the Nakasone Administration to open its market to British goods. But it has gained fresh significance in the wake of the Cable

& Wireless episode and that is where the problems begin. In terms of international trade law, set out in the Gatt, the Government has a weak case for claiming that Japan must open its telecommunications market to foreign participants. There is no general precedent for requiring this.

Moreover, problems of a legal and a practical nature surface as soon as practical measures are considered. Practical barriers to trade such as requiring imported video-cassettes to bear a clear customs tag at an out-of-the-way place like Milton Keynes, are also strictly illegal under Gatt, and would probably upset the European Commission in Brussels as well.

In any case the Government has also to weigh the claim that making life easier for Japanese exporters could discourage them from using the UK as a manufacturing base for the EEC.

Peter Montagnon

The effect of these reverses appears to be showing up in the bitter dispute over the establishment of a new international telecommunications company in Japan. The Ministry of Posts and Telecommunications (MPT), which has been accustomed to dealing with only domestic companies, is realising any significant opening up of the industry to foreign participation, despite new legislation inviting such participation.

The MPT's attitude has enraged both the British and US governments, as both US and UK companies have attempted to take up the invitation. Strongly worded letters have been sent to the MPT by top US officials and to Mr. Nakasone by Mrs. Margaret Thatcher.

This is the sort of case in which Mr. Nakasone's leadership has often made a difference in the past. Last summer, for example, his intervention pushed MITI into agreeing against its will to some of the more strident US demands in the semiconductor negotiations. But until last Friday, he had steered well clear of the "telecoms" problem. And even then, he only requested the MPT to settle the problem before it became too entangled.

Others too are making more strident noises, including MITI, which is threatening to take the US to Gatt and to repudiate the chip agreement. Admittedly, these are not very frightening threats, but the US and the UK have pointed the way to enlarging the areas for retaliatory action, and the Japanese, lacking a strong leader, just might be swept up in the trend.

Pouring oil on Aegean waters

MR KARAMANLIS, the former Greek Prime Minister and President, once said there were only three ways of solving Greek-Turkish conflicts: negotiation, arbitration or war. Ankara and Athens last weekend rejected the third of these options after coming closer to a military clash than they have for many years.

If they had converted their three-ratting into military action, the ensuing conflict would have exacerbated their long-standing disputes, rather than solved them. It is hardly likely that their NATO partners—least of all the US—would have stood idly by to watch the alliance being torn apart in such a sensitive area as the eastern Mediterranean.

Having apparently decided that a conclusive military conflict was out of the question, the Greeks and Turks are faced once again with a choice between negotiation, arbitration, and mediation as the only reasonable alternatives. They could, it is true, continue on their previous path of mutual threats, punctuated by minor, if dangerous, physical clashes on their common frontier, the sea or in Aegean airspace. It is to be hoped, however, that the latest incident will act as a catalyst for more constructive action.

Direct negotiations between the two sides do not have a very happy history. They have come to grief not so much because of disagreements about legal issues but because of the fundamental distrust and hostility engendered by a host of serious political disputes.

Tough stance

One of the most promising developments was the Brest Agreement of 1976, under which each side undertook to refrain from any controversial action pertaining to the Aegean continental shelf, pending the outcome of negotiations on the subject. The first phase of these negotiations came to an end in 1978 without any agreement, but talks were continued between high officials for another three years on a range of problems dividing the two countries.

Each side blamed the other for their eventual breakdown in

1981, the year Mr. Andreas Papandreu, the present Greek Prime Minister, came to power. He had started adopting a particularly tough public stance towards Turkey. While it is fruitless to apportion blame, it is clear that the talks broke down because the political environment in which they were held had deteriorated to a point at which rational negotiations were no longer possible.

If the atmosphere is still as bad today it is because none of the major political disputes between Greece and Turkey are any nearer to a solution. A Cyprus settlement remains as unattainable as ever, in spite of the mediation efforts of Mr. Perez de Cuellar, the UN Secretary-General.

Nato alternative

Mr. Karamanlis's other option—arbitration—has also failed to be a dead-end since Turkey has refused to accept the legal basis on which Greece has proposed submitting the controversy to arbitration. The International Court of Justice in The Hague, mediation, however, still remains a possible avenue. Without detracting in any way from Mr. Perez de Cuellar's mediation qualities as a Greek-Turkish problems by an internationally respected elder statesman could possibly help to untie the Gordian knot.

If Greece and Turkey were partners inside the European Community, a desirable long-term objective whatever the present obstacles to its early realisation, the framework for mediation would be clear. In its absence, NATO, of which both Greece and Turkey are important members, is an obvious alternative.

Mr. Papandreu is wrong to reject the "good offices" offer by Lord Carrington, the NATO Secretary-General, and should think again. The former British Foreign Secretary is a past master in solving intractable political problems, as he proved in the Rhodesian affair. He should at least be given the opportunity to try to resolve a dispute affecting the western Alliance as a whole.

Goodman's private plans

Harry Goodman is clearly set on becoming the Freddie Laker of the 1980s. The flamboyant chairman of the International Leisure Group, yesterday announced plans—along with the senior management team—to buy out the company. His reason is "the need to stay private while his Air Europe operation expands from a fleet of six to 27 aircraft by 1990. "The City takes too short a term view of such things," Goodman tells me, "so we need to expand in private."

Goodman, 47, will undoubtedly go into the airline business with his eyes open since he and Laker had a close business relationship until the latter fell from grace in the early 1980s.

In 1979, for example, Goodman's Intasun travel operation linked up with Laker to provide the cheapest flights to Miami at a time when the boom in British Florida was just taking off. It was a big success for Goodman. He says: "Laker got all the kudos and we got all the passengers."

Laker, in fact, turned to Goodman in the final stages of his airline's collapse to seek help in keeping the company afloat. Goodman, unable to find the funds, still managed to snap up Laker's package holiday business to Spain.

Goodman has been one of the more ebullient characters in a British travel industry not noted for shy wallflowers. It is hardly surprising that the lively Club 18-30 operation is an ILC operation.

He left school at 15, was turned down for a job by Thomas Cook because of his lack of O-levels, and started in the traditional small way, working for a travel agency in Kent. His big break came when Corks folded in the early 1970s, alerting his entrepreneurial flair to meet demand of disgruntled holidaymakers.

His main operating company, Intasun, has capitalised on the mid-1980s desire by many Britons to spend their holidays in the sun and is now the second largest package tour

Men and Matters

operator behind the giant Thomson Travel group.

Even so, a recent survey by Holiday, which magazine found that Intasun and its related travel operators were the travel companies most disliked by the Consumers' Association's up-market membership.

Goodman insists that he has lost none of his motivational and entrepreneurial flair. But in his bid to do a Laker he feels the City may not be his best ally.

Wickins' way

Yesterday's announcement of an agreed merger between Michael Ashcroft's Hawley Group and David Wickins' British Car Auctions has surprised a few people who thought that the two had fallen out irreparably last year. But one source close to the scene said yesterday that as far as Wickins was concerned "it was not like losing a son, more like gaining a son-in-law."

"I am certainly not in the mood to retire," said 67-year-old Wickins yesterday. He has, however, been restless since ECA settled down to a single stream of business activity and is keen to apply his skills in building up a few stakes in small companies that will come good in time—what he calls his "nursery."

The play school is now lacking in public spirit from the very grown up First Security Group. Under the arrangement with Hawley, Wickins will have access to \$100m without the need to go to shareholders for approval, or the fear that some US predator will swoop in and snatch the baby and the bath water. Not bad for a business



"Why is she worried about the election—are there other parties?"

that started just after the Second World War with £460 of capital.

Food for thought

Paul Bocuse, one of France's leading chefs, has created a new dish to celebrate the first year of power sharing in the country between a Socialist President and a conservative Prime Minister.

Called "Quails Elysée-Matignon" after the respective official residences of President Mitterrand and Prime Minister Chirac, the dish requires one of the quails to be stuffed with foie-gras (a speciality of southwest France where Mitterrand has his country home) while

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PORT
CLARET

Christie's will be holding another City Wine auction at the Institute of Chartered Accountants on Monday 6 April 1987 at 12.30 p.m. the sale will include Havana Cigars, Vintage Port, Claret, Burgundy and fine and interesting bin-ends.

Also on view at this City Wine sale will be selected Cricket items from the MCC BICENTENARY SALE to be held at Lords on Monday 13 April 1987

For catalogues or any further details of our evening seminars in the City, please contact Simon Birch or Peter Arbuthnot.

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مكازم الأخبار

... and Lionel Barber examines the balance of power between Capitol Hill protectionists and those urging a calmer response

An accident just waiting to happen

"STAND UP for America," declares the prime-time television advertising campaign launched by the United Auto Workers union. "Require foreign nations to reduce their trade surpluses."

From Capitol Hill to the Commerce Department in Washington, through the state of Michigan to the semiconductor manufacturers in California, lawmakers, workers and industrialists are joining a chorus of complaint about the flood of imports into the US and what they term unfair trade practices by America's competitors.

Last Friday, President Ronald Reagan, tacitly bowing to the trend, accepted the recommendations of his closest economic advisers and decided to double the import duties on a wide range of Japanese electronic goods—the first time the US has taken unilateral trade action against Japan since the Second World War.

The US action was taken under section 301 of the 1980 Trade Act which mandates the President to take "all appropriate and feasible action" to protect US trade interests. What differs from previous applications of section 301 is that it was an attempt by the Administration to enforce a trade pact which in itself was of doubtful legality under GATT.

To some, singling out the Japanese marks a new departure by the Administration, a willingness to risk a tit-for-tat escalation into a trade war. Others interpret the proposed penalties as part of a policy of containment: a short, sharp shock aimed at convincing Tokyo that it must reduce its \$58bn merchandise trade surplus, because this time protectionist pressure in the US is for real.

One of the most accurate barometers of this pressure is the US Congress.

A significant shift came 10 days ago when the US Senate unanimously called on the President to retaliate against Japan's efforts to keep foreign companies out of its telecommunications market. Indeed, so strong is the present anti-

Japanese sentiment that it is considered impolitic for Mr Yasuhiro Nakasone, the Japanese Prime Minister, to press his wish to address Congress during his visit to Washington next month.

The raw trade figures explain a good deal of this antagonism. In the six years since President Reagan took office, the US merchandise trade deficit has grown from \$39.7bn in 1981 to \$170bn in 1986, although the rise in the value of the yen against the dollar means that these figures overstate the change in volume terms.

The rise in Japan's trade surplus over the period has led to a series of wrangles with Tokyo.

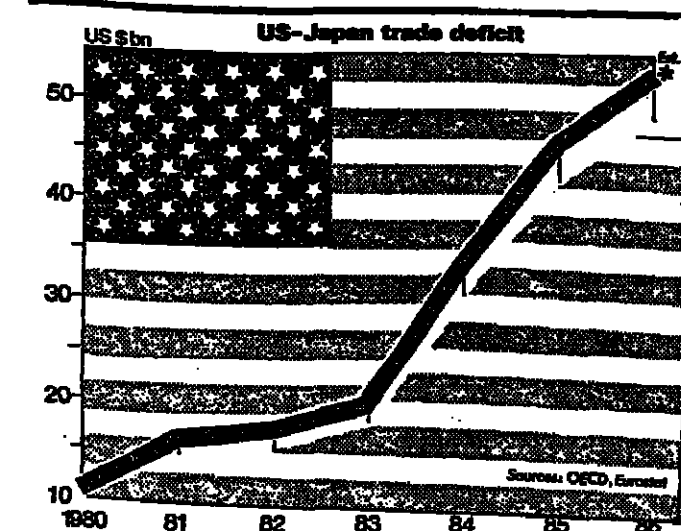
In addition, Japan, having repeatedly pledged to stimulate its economy to spur consumption of domestic and foreign goods, has found itself pummeled in the currency markets as US officials have let the dollar slip against the yen to boost American competitiveness.

"The semiconductor row was an accident waiting to happen," in the words of one Washington diplomat.

Yet beyond the president's specific action on semiconductor chips lies the more general question of the shape and impact of new trade legislation. First, a caveat. The bulk of Democrats are keenly aware that they cannot afford to play the protectionist game in the year before the 1988 presidential election.

But there is a consensus among leading national Democrats that the trade issue is theirs for the picking. Mr Jim Wright, the House Speaker from Texas, is convinced that the Democrats' success in the mid-term elections, when they regained control of the Senate, was partly due to promises of action on the trade deficit.

Mr Wright is therefore pushing for a tough trade bill in the House of Representatives. But he finds himself facing opposition from Congressmen Dan Rostenkowski, who for the past month, Mr Ros-



tenkowski has made it clear that he will not associate himself with a trade bill which faces a Presidential veto. He has therefore opposed a key amendment to the House bill: a measure which would identify major US trading partners whose "excess trade surpluses" can be traced to unfair trading practices, and require a 10 per cent reduction in such surpluses.

In the Senate, where Texas Sen Lloyd Bentsen is in charge of trade legislation, chairman of the Finance committee, the mood is less overtly aggressive.

A bill now being put forward by Sen Bentsen, co-sponsored by a majority of Senate Democrats and Republicans, contains some mandates for more aggressive trade practices. But it makes it harder for injured industries to qualify for relief from import competition.

It authorises a new round of negotiations with GATT and requires close White House consultation with Congress on matters such as exchange rate policy, third world debt, and international macro-economic policy.

This more general approach undoubtedly finds some favour within the Administration. The question is whether Congress's desire to substitute flexibility with mandatory action is acceptable to key Administration figures such as Mr James Baker, the US Treasury Secretary.

The cornerstone of Mr Baker's approach to trade imbalances has been to argue for closer international economic policy co-ordination.

Following the Plaza accord of September 1985, when major Western industrialised countries agreed to take common action to push the US dollar down in value, Mr Baker has argued that Japan should take action to

restructure its economy so it is not so reliant on exported goods.

According to Mr Baker, internal economic reform in Japan is as important in the long run as external movements in exchange rates. Indeed, as one Administration official pointed out at the weekend, the recent meeting of the G5 nations in Paris underlined the view that "excessive moves in exchange rates can be detrimental to bringing about domestic growth."

Mr Baker's difficulty is that he faces degrees of scepticism within the Administration about the good faith of the Japanese in pursuing economic reform. Mr Malcolm Baldrige, the US Commerce Secretary, is the most vocal exponent of this view. By feeding off sentiment in Congress and talking tough, Mr Baldrige has grabbed front page coverage in the US press to the exclusion of more moderate voices.

"The danger is that this could generate a momentum of its own," says one Administration official.

Which is why Mr Baker last week went along with the decision to retaliate.

Similarly, the US earlier this year was happy to go to the bringing of a trade war with the EEC over European and Portuguese tariffs on American maize and soy exports. The dispute was only resolved when the EEC backed off and dropped the tariffs.

The lesson: holding a pistol to the head of other trading nations works. But it also raises the temperature and creates an atmosphere far removed from rational debate.

Last week's action against Japan was almost certainly a selective strike to settle a specific problem—no one wants a trade war. But there is a sense in Washington today of a country stumbling into conflict.

Not exactly the spirit of GATT

By Peter Montagnon, World Trade Editor

"I AM convinced that most countries realise that the general state of the international economy and international economic relations is so serious that they could no longer afford the luxury of muddling along from conflict to conflict."

This comment by Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT), was made to an audience of businessmen in London at the end of January, just as the new Uruguay round of trade liberalisation talks was finally getting under way.

Two months later, with a new trade war apparently looming between Japan and the US over microchips and pressure mounting in Europe for concerted trade action against Japan, the statement holds good.

Trade diplomats in Geneva yesterday maintained that the latest tensions would not and could not be allowed to jeopardise the GATT round. Yet there was also a nagging worry that the dispute would be a fresh blow to the spirit of Uruguay, when the round was launched in September. Even if it is resolved it will leave a legacy of bitterness and

heightened risk for the future. It is only three months ago that a similar dispute between the US and the EEC blew up over agriculture, with the Reagan Administration threatening retaliation against Europe because its failure to agree compensation for grain exports to Spain and Portugal lost when those countries joined the Community.

That problem was eventually resolved without perceptible damage to the GATT talks and in the short-run the hope in Geneva is that the same will happen in the case of the microchip war. "My own feeling," says Mr Andrew Stoler, an attaché at the US delegation to GATT, "is that when things get that serious they have a way of working themselves out."

Mr Martin Wolf, chief economist at the Trade Policy Research Centre in London, agrees that there is still a good chance the threat of US sanctions will persuade the Japanese administration to take satisfactory action over microchips, but he also warns that, in a broader sense, this will not necessarily resolve anything. There is a very strong tendency in the press to exag-

gerate the importance of each event and then assume that once it is resolved, the whole problem has gone away, he says. In fact, the microchip war shows that "the US has pretty well made up its mind to act unilaterally to enforce its interests whether in ways that are either dubious or in downright contravention of the GATT," he says.

Apart from the immediate risks inherent in this policy, the danger is that it will end up leaving developing countries, who are key participants in the GATT round and potentially large markets for the west, disillusioned about the US intentions. At the launch of the Uruguay round these countries wrung out of the industrial powers a commitment that they would both freeze protectionism and also try to roll back barriers to trade. That all looks increasingly hollow.

At the very least the looming tangle of disputes between the world's main trading powers suggests such a minimal degree of mutual trust that the incentive for other participants to work for genuine progress towards trade liberalisation in four-year process of the Uruguay round is likely to be diminished.

The EEC has already decided to complain to the GATT about last year's semiconductor agreement between the US and Japan, which was designed to prevent Japanese companies dumping microchips in the US and to open the Japanese market to US microchip exporters.

GATT has yet to pronounce on the complaint, but it traditionally throws on such bilateral agreements, because they smack of market sharing and cartel-like practice.

Were the US now to go ahead with its proposed sanctions on Japan, the situation could be doubly bad. Most trade officials believe that, as announced by White House on Friday night, the sanctions would be illegal under international trade rules which require that GATT members treat all their trading partners equally.

Thus Japan would arguably have the right in its turn to complain to GATT about the US action, and even to retaliate in kind, opening up the possibility of a full-blown trade war which would scupper the GATT round for good and all.

No one is predicting such an outcome at this stage. Ultimately there is much at stake for both sides, not only in trade. As the chart on the left shows, Japanese investors are major buyers of US government bonds, effectively financing the Reagan Administration's massive budget deficit.

Neither side would want up-

at the point where Japan might for example, stop buying Treasury securities. That would leave the US Administration unable to finance its budget deficit and the dollar would fall dramatically in exchange markets. On the other hand, Japan's investments in the US would also lose their value and its own ability to trade in world markets would be seriously impaired.

Yet if the mutual interdependence of Japan and the US on the world economic scene is greater than meets the eye, a resolution of the microchip war would still leave two nagging problems in its wake. Not only has the episode already served as a forceful reminder of the fragility of the world trading system against a backdrop of sluggish world economic growth. It also serves as a sharp reminder of the pressure the Reagan Administration is facing from Congress.

The administration is trying to balance its desire to promote the GATT round as part of its own free-trade doctrine on the one hand and the need to fend off protectionist pressures in Congress on the other.

There are some signs that this strategy may be paying off. Already the House of Representatives has watered down a proposal in a trade bill, due to be enacted later this year, which would call for mandatory retaliation against countries with a persistent surplus in their trade with the US. In spite of this, the administration remains concerned about the bill's protectionist tone and the House's strident position on textile imports.

All this is happening against a dismal economic background for world trade itself. Last week the GATT itself forecast that world trade growth would slip to 2.5 per cent this year, from a pedestrian 3 per cent in 1986. In Senate testimony earlier this month Mr Rimmer de Vries, the influential chief economist of Morgan Guaranty Trust, said the US trade deficit would fall only modestly from its record level of \$170bn last year.

Barring substantial macro-economic policy adjustments by both deficit and surplus countries, the deficit was likely to fall below \$100bn for the remainder of the decade, he said, heightening the risk that the world economy would fall victim to a "resurgent tide of protectionist nationalism."

It is that case then the microchip war is likely to be only one among many. "If you have enough such cases," warns Mr Wolf of the Trade Policy Research Centre, "it becomes virtually certain that one will not be resolved and will blow up."

The right way to tax houses

From the General Secretary, Inland Revenue Staff Federation

Sir, Samuel Brittan's article (March 26) provides a valuable introduction to any study of the major problem of housing in Britain and particularly into the unhelpful relationship that problem to mobility of labour.

While I could not possibly support the Government's policy on housing generally, I sense that Mr Brittan was right to be cool on "Let's into Lease." Surely what would result, in the south east especially, is a market in such less affordable by the very people Mr Brittan seeks to provide for. With their new powers I suppose building societies would be able to let if they could, but I sense only at relatively high rates given the limited equity value and other hazards not associated with normal owner occupation.

It is by any standards astonishing that the Government is rushing ahead with the community charge in Scotland when the whole concept of such a poll tax has been condemned by virtually everyone outside the Government.

Equally astonishing is the persistent unwillingness to give credence to the advice on rates by the Layfield committee. The fact that Layfield's advice in so many opinions remains wise over a decade after his committee first reported is fair evidence of the soundness of the argument which says that a property tax (rates) should remain, but on the basis of capital values rather than rental values.

What was also suggested by Layfield was the prospect of a local income tax as a supplement. Is there merit in exploring Layfield's approach with Muellerbauer, Le, the restoration of the old Schedule A for income tax purposes (to provide a predetermined level of income from residential property for local authorities) with a local income tax becoming the instrument for topping up by local government on which they would be fully accountable locally?

I recognise that this discounts considerably Layfield's sound enough arguments in favour of calling the tune if you pay the piper. But it would not erode it wholly and would, I think, have some other advantages.

Here I come to mortgage interest relief from income tax and to Frank Field's proposal of a ceiling to the cost of it. It may be the case that if we had never had the relief in the first place, things would be better. But all that is academic. We do have it and I do not see how we get rid of it. Yes, it should be restricted to the basic tax rate, but not to

Letters to the Editor

keep the maximum mortgage on which it is allowed moving along with the increase in the price of houses is surely to inflate the price of houses selling for figures below the limit and those selling for 10 per cent-20 per cent above it. The sufferers are those on low incomes, especially first-time buyers.

There is another way round labour immobility—take work to the workers. This federation is anxious to explore this (in fact we first proposed this to the Department in 1956 and received a flea in our ear at the time) having co-operated fully in the 1960s and 1970s in moving a great deal of work to Scotland, to Merseyside, to Manchester and to Tyne-side.

The useful by-product is the release of housing in the south east. What we would insist upon, reasonably enough, is that it was done in any way acceptable to south east members. They must not suffer a cost as a result—either in cash, time or unreasonable inconvenience or promotion prospect. What we must not do either is move out jobs the south east will need; there is nothing to be gained from shifting unemployment about. Tony Christopher, 231, Vauxhall Bridge Road SW1.

GATT and Japan's policy
From Mr J. Pross, MEP.
Sir, Peter Montagnon's excellent article on "EEC External trade" (March 25), claims that by referring Japan's protectionist tax and duty system for imported wines and spirits in the GATT, the EEC's case against Japan has lost momentum in terms of public perception.

The facts, however, disprove this. In late December 1986, the Japanese Government announced some proposed tax and duty reform changes which the EC Commission and the British Government immediately rejected as inadequate. In January of this year, the EC member states endorsed the Commission's intention to pursue the issue through the GATT on an "expedited" basis and in early February the GATT agreed to the EEC Commission request for the creation of a GATT "panel" to arbitrate on Japan's policy towards imported wines and spirits. The panel's first meeting was held later that month. In accordance with the agreed procedures, the EC Commission has already filed its written submission with the panel, whose decision on the issue is expected in the summer.

By normal standards this

GATT panel timetable is meteoric. Moreover, the EC Council Ministers' recent confirmation of its determination to seek a solution to the issue either bilaterally or through the GATT, and also the Japanese Keidanren's (CEI equivalent) announcement of support for the EEC objectives demonstrates that whatever the alleged public perception, the facts are that the issue is still very much alive.

James Provan, Wallacestone, Bridge of Earn, Perth, Scotland.

Unified capital market

From the Director-General for Financial Institutions and Company Law, Commission of the European Communities

Sir, Hugo Dixon, at the ninth European Financial Management and Marketing Association convention in Nice (March 24), reports comments by Mr Robert Lion, director-general of Caisse des Dépôts et Consignations, suggesting that the Commission of the European Communities in its eagerness to achieve a unified capital market by 1992, is simply proposing mutual recognition of supervisory regulations and that this could lead to a lowering of supervisory standards throughout Europe.

It is true, this would be a serious criticism. In fact, however, mutual recognition of standards is only one element in the Commission's approach to achieving unified financial markets by 1992. We have, in addition, always emphasised that mutual recognition must rest on the broad equivalence of national regulatory systems and this will often require some prior degree of harmonisation. There is no question of our seeking to harmonise at the lowest common denominator. On the contrary, we are committed to ensuring equality of competition in the banking and other financial markets on the basis of prudential standards which assure the stability of the financial system and adequately protect investors, depositors and consumers.

Mr Lion is reported as saying that the Commission should be working for a harmonisation of capital ratios, taxation and the rules against market malpractices such as insider trading. We are indeed doing just that. Last year the Commission published proposals for Community legislation on the definition of banks' capital resources and is working on an harmonised solvency ratio. Equally, within the next few weeks the Commission will be putting forward a proposal on the regulation of

insider trading. That proposal, in particular, will require some member states to introduce controls in areas where they have not existed before. G. E. Fitchew, rue de la Loi 200, B-1049 Brussels.

Personal pensions

From Mr P. Bennett
Sir, Undoubtedly the Government members are going to permit "free-standing" voluntary contributions by members of company pension schemes are pure.

There can also be no doubt however that many pension scheme members are going to be losers as a result of this innovation. Commission-hungry intermediaries (who may not spend long checking out the virtues of the company scheme's AVC arrangements) are already making every effort to give the company scheme a miss and wait for the brave new world of October and beyond.

The simple facts however are that any decent company arrangement will effectively channel commissions back into the members' investment, and other expenses of operating in-scheme AVCs are borne by the company.

Personal AVCs will prove expensive to the employee by comparison since commissions and expenses must be deducted from their investment. Moreover, trustees take great care in the selection and review of the scheme's AVC investment manager, often offering a choice in the process; few individual members could be confident of making such a careful selection, with or without the assistance of an intermediary.

The message is plain. To all intents and purposes, personal AVCs are a high-risk investment. Companies and trustees can no longer afford to hide their light under a bushel. Tidy up the company scheme arrangements if necessary and make sure from now on that you extol the virtues of your AVC scheme adequately! P. J. Bennett, 3, The Old School House, George Street, Hemel Hempstead, Herts.

Time for a change?

From Professor P. Moore
Sir, Decentralisation of our currency came (somewhat belatedly) to the UK in 1971. Why is it that, 16 years later Government Stocks are still quoted in units of stand of a pound? A glance at your page of Gilt Edged prices provides a powerful demonstration of the extra comprehension and ease of calculation that decentralisation could bring. Is the time not ripe for a change? (Professor) P. G. Moore, The Athenaeum, Pall Mall, SW1.

An abridgement of the annual review by Mr J. Ogilvie Thompson, chairman of Anglo American Gold Investment Company Limited.

AMGOLD

The fact that gold has weathered a difficult five years gives one confidence in the future of this unique metal.

It is gratifying that in the Company's fifth year it should have achieved record earnings of R372.6 million, 10.7 per cent higher than last year's record R336.5 million. Earnings per share increased by 10.7 per cent to 1697 cents and dividends were increased by 10.3 per cent to 1600 cents per share absorbing R351.2 million.

Gold

There can be little doubt that 1986 was a complex year for the gold market. In endeavouring to chart the outlook, the statistical position looms large in any consideration. The commonly held view is that Western production and Comcon sales will remain high. Given this, and the fact that the Hirohito coin was a singular event suggests that the excess supply in 1987 will be even larger. Considerable efforts are being made by the new World Gold Council to stimulate fashion initiatives in gold jewellery which should bear fruit in higher consumption, especially considering the relatively low non-dollar price. For the near future though, the inevitable conclusion is that investment (including central bank) demand will be the key element if the current price range is to be sustained or, indeed, increased.

It is worth remembering that investment demand for gold was somewhat smaller, on average, from 1981 to 1985 than it had been in the preceding five years, notwithstanding the growing international accumulation of dollars in recent years. The earlier period, it is true, had been one of inflationary turbulence which had imparted a significant stimulus to the gold market. But although this problem has been brought under control, it has been masked by unprecedented fiscal and payments imbalances among the major industrial nations which create a different source of tension and upheaval. The drama of adequate world growth, Third World survival and financial stability is far from over, despite the successful soft landing of the dollar until now. There are major geo-political implications arising from these issues, and the new and more permissive stance towards Third World debt taken by the IMF in conjunction with the World Bank attests to the acceptance that debt cannot be repaid except in an environment of growth. It remains to be seen whether this radical change in approach will succeed, given realistic scenarios for the world economy. The reversal of fortunes in Brazil and Argentina is a case in point.

In these perplexing circumstances, calls for a return to exchange rate stability are understandable. The latest G-5 agreement to alleviate trade imbalances and promote balanced growth may prove to be a step in this direction but such co-operation may be difficult in the face of the intractably high US budget deficit. The markets will deliver their verdict on the soundness of the international political and financial structure, and the intrinsic role of gold. The period ahead may well see greater volatility in the gold price as the need for currency risk diversification is weighed against the perceived further potential performance of equities and other financial assets. It is an uncertain situation, in which a short-term trend is difficult to discern.

Labour

As a result of concern about the effects of the migrant labour system and the consequential hostel accommodation of employees and also following recent legislative reforms, Anglo American Corporation has

drawn up a new housing policy for its administered mines to enable employees to live with their families in their own homes in a normal society if they so choose. Successful implementation of this programme will depend on the availability of land for proclamation, the speed of proclamation and the provision of infrastructures such as roads, schools and hospitals and, to this extent, a high degree of government co-operation will be necessary. In addition, further reforms such as the repeal of the Group Areas Act will also be necessary. The central feature in this housing programme is the freedom of choice, and to the extent that some workers may choose to live in hostels and that foreign nationals may be restricted from bringing their families to South Africa with them, hostels will continue to be an important form of accommodation. Thus, the programme of upgrading these facilities and of giving our employees greater participation in the management of the hostels will continue.

Within the strictures of the law, significant training and education programmes to man positions on merit have been implemented with some success and programmes are in hand to eliminate any remaining discriminatory practices on the mines. We cannot but be cynical about whether the government really intends to remove these structures and would call on it to demonstrate its bona fides in the matter by introducing appropriate legislation as soon as Parliament reconvenes. A significant responsibility for addressing many of the underlying causes of tension on the mines also rests with government. No industrial relations structure or system can cope with the growing politicization of unions which is the inevitable result of the lack of participation by blacks in the political process of national level and which inevitably results in considerable tension in the workplace.

Conclusion

While the statistical indications for the industrial and jewellery demand for gold, as against the supply potential, point to a cautious view on the price, such an outlook may well be outweighed by surprises flowing from the uncertainties of Latin American debt, the Iran-Iraq conflict and the precarious state of some financial markets. The fact that gold has weathered a difficult five-years gives one confidence in the future of this unique metal.

South Africa's two main problems are the inordinately high inflation rate and the urgent need for major political reform and the two are, of course, partly linked. Previously, inflation flowed chiefly from inadequate monetary and fiscal management. More recently it is largely the result of the lower rand exchange rate which flows partly from the deterioration in foreign perceptions of the political situation. Any material improvement in the economy will require, first, an end to the violence and unrest, secondly, the abolition of all vestiges of apartheid and, thirdly, a clear commitment by all parties to introduce a new socio-economic dispensation that gives fair and equal opportunity to all and to negotiate with genuine representatives of all South Africans on an unconditional basis a new constitution entrenching human and political rights for all. It is to be hoped that the results of the general election for the House of Assembly on May 6 will facilitate and accelerate such moves.

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Pope prepares to tread sensitive ground of Chile

POPE JOHN Paul II arrives in Chile this week at a time of increasing tension between the government of General Augusto Pinochet and the country's Roman Catholic hierarchy.

The Pope's visit, during a two-week tour of Latin America will be one of the most politically sensitive of his career, and one of the most politically risky for General Pinochet's 13-year-old military regime. In the past six months, four foreign priests have been forced to leave the country, a provisional bishop's office has been burgled in suspicious circumstances, and another bishop has received death threats.

The 18-year-old niece of Monsignor Carlos Camus, bishop of the southern diocese of Linares, was arrested last month by Chile's secret police, the CNI. In a court statement following her release, the young woman said she had been pressed to confess to terrorist activities, and threatened with sexual assault and torture if she did not co-operate. No formal charges were ever made against her.

The Chilean bishops conference referred to her detention in a pastoral letter a few days later, saying that while they did not expect their relatives to receive treatment different from other Chileans, "the fact that a young woman only 18-years old should be subjected to true psychic torture causes us to reflect on what thousands of Chileans have suffered."

Bishop Camus then gave an interview to El Mercurio, a conservative Chilean daily newspaper, in which he implied that the left-wing guerrillas who attempted to assassinate General Pinochet last September might eventually be considered heroes.

"I believe that when this (the assassination attempt) is studied as an act of war they will perhaps be



Political tensions are rising as the Pope sets out on his latest Latin American tour, Mary Helen Spooner reports

Left: Pope John Paul II addresses the people of Peru on his last Latin American trip; and, right, the welcoming sight of Brazil's Sugar Loaf Mountain.

seen as heroes," he said. "They risked their lives. On the other hand I see no heroism in a torture with an unarmed person."

The next day, Chile's Justice Minister announced that the Government would present a formal protest to the Vatican over the bishop's remarks.

The Catholic church has complained that pro-government groups have sought to subtly manipulate the publicity surrounding the Pope's visit. Monsignor Francisco Cox, executive secretary for the Chile Papal Visit Commission, said recently that the church was considering a legal suit against those responsible for changing the official visit slogan, "John Paul II, messenger for life," to "John Paul II, messenger for peace." Posters bearing the modified slogan, which has less of a human rights message and refers more to the Vatican's mediation of Chile's territorial dispute with Argentina in the Beagle Channel, have appeared on buses and in shop windows.

Political tensions have also risen steadily. Late last month, 14 prisoners at Santiago's public jail, including 11 men charged in the assassination attempt against General Pinochet, began a hunger strike in protest of the military courts' handling of their cases. The strike has since spread to 18 other detention centres around the country, with nearly 500 prisoners, many detained on terrorist or political charges, joining the movement.

Supporters of the hunger strikers are calling on the Pope, who is due to visit prisoners in the northern desert town of Antofagasta, to intervene during his trip.

The Government's heavy handed treatment of Mr Odonoro Almeyda, the former socialist foreign minister who entered the country clandestinely and turned himself over to the courts, has prompted sharp criticism from Chilean opposition figures.

Mr Almeyda, who spent more than 12 years in exile, was detained as he left the court and sent into internal exile, in Chile's remote southern territory. Chilean officials

apparently hope the socialist leader's removal from Santiago will deflect unwanted international attention from his case during the Pope's visit.

Terrorist bombs have also resurfaced in the past few weeks. In two separate incidents in the city of Concepcion, an industrial zone on the Pope's itinerary, bombs have killed one policeman and injured three others this month.

Left-wing guerrillas also caused a municipal council in Santiago earlier this month just as General Pinochet was delivering a televised speech marking the anniversary of the Pinochet regime's constitution.

Meanwhile, in the working class municipality of Pudahuel in western Santiago, a facelift is underway ahead of the Pope's arrival. The area, where at least half the workforce lacks stable employment, and where discontent often boils over into rioting during anti-government protests, boasts a new church, and fresh paint now coats walls previously covered with political graffiti.



Swedish arms group admits Iran sales

By Sara Webb in Stockholm

NOBEL INDUSTRIES, the Swedish arms and chemicals company at the centre of an arms smuggling investigation, admitted yesterday that Bofors, its ordinance subsidiary, sold weapons to countries in the Middle East via Singapore in a clear violation of Swedish law.

The revelations raise the question of whether the Singapore authorities knew that Singapore companies were illegally re-exporting Swedish arms.

Mr Anders Carlberg, managing director of Nobel Industries, hinted that the deals may simply represent the tip of the iceberg, and that separate investigations by the police and customs could confirm allegations that the company sold explosives and gunpowder to Iran.

"We have not gone through everything. There will probably be other export orders which will come out of these investigations. Their size is not known," said Mr Carlberg.

Swedish companies are forbidden to sell weapons to countries in areas of conflict, including the Middle East. The Bofors investigation has recently created a political storm in Sweden amid suspicions of government involvement, and has damaged Sweden's reputation as a neutral country.

Nobel Industries previously denied charges of illegal arms exports, but in a volte-face prompted by reports in the Swedish press last week—the company now admits that Bofors surface-to-air missiles were sold to Bahrain and Dubai via Unicorn, a Singapore company which is indirectly controlled by the Singapore Government.

Bofors delivered the missiles to Unicorn between 1979-80. They were re-exported between 1979-81 to Bahrain and Dubai and the contracts were worth between SKr 50m and SKr 100m (£4.9m and £9.7m).

Further deliveries of missiles and radar components subsequently took place, the personnel from Bahrain received weapons training from Bofors at its Swedish headquarters.

Nobel Industries has admitted that deliveries of ammunition, gunpowder and explosives took place without the knowledge of the Swedish authorities. The customs investigators have already claimed that Nobel operated with other West European arms and explosives manufacturers in supplying Iran.

Life after death for Citroën 2CV

Continued from Page 1

But the fact that the car will no longer be made at Levallois suggests that the writing is now on the wall. The decision to shut down the plant reflects the steady fall of 2CV sales. Although the car continues to provoke a sense of great affection and warmth in France, its sales have declined by 47 per cent between 1983 and 1986. "We sold 26,300 2CVs in 1983 and only 14,000 last year," Citroën said yesterday.

Only about 150 2CVs are currently produced each day—100 at Levallois and 50 in Portugal. Moreover, the Levallois plant, which employs just over 1,000 people, was like other old car plants in the Paris area, doomed in the longer term.

These plants in the Paris suburbs have been gradually closed because the cost of modernising them has become prohibitive. At the same time, the Peugeot group has been reorganising its industrial activities on a number of core, large-scale plants as part of its recovery programme which has returned both the Peugeot and the Citroën divisions solidly into the black.

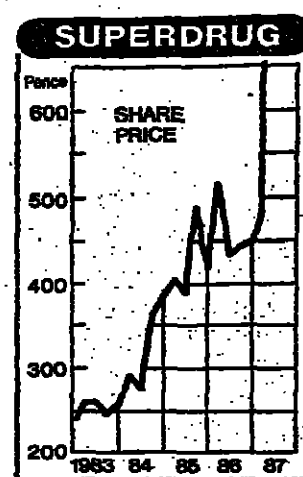
Although the 2CV will continue to be made in Portugal, it will no longer be quite the same again for the French car industry and generations of French motorists who started and some ended their driving careers with the 2CV.

The car has traditionally been the French students' car par excellence. With its canvas roof, it was for years the cheapest convertible on the market. It is also a car firmly rooted in the French provinces and one of the most popular cars among farmers and artisans. When the Socialists were in government, the 2CV received a new boost when Mme Françoise Castro, the wife of Socialist Prime Minister Laurent Fabius, drove regularly to her husband's office, the Hotel Matignon, in a purple and black 2CV.

Sadly, that time has now come after 38 years during which nearly 5m 2CVs have rolled off the Levallois assembly lines. Even though Citroën insists that production will continue in Portugal, a chapter in French industrial history has ended.

THE LEX COLUMN

Dilution not to taste



And whereas Underwoods would have brought Woolworth a retail formula that has yet to be proven outside central London, and depends on prime locations to generate heavy traffic, Superdrug has shown that it can roll forward, tank-like, on a broad front and can also trade successfully out of the narrow dairy space with which Woolworth is so well endowed.

Superdrug's earnings per share for the year just ended are a function lower than two years before, and although the shares have underperformed markedly in recent months (even since Woolworth broke off talks with Underwoods) the initial dilution will take a while to overcome.

B&C

British & Commonwealth is soon to offer a unique investment opportunity: 20 per cent of an unquoted company with a number of minority stakes in a range of businesses ranging from home aggregates to hotels in Mauritius via biotechnology. It may well be that only developments funds will be interested in the opportunity, but it is simply wrong that existing B&C shareholders were not given at least an option not to have their holding in the group diluted. After all, they have already shown their willingness to invest in the B&C mix.

If it were not for their unwillingness to subject this collection of investments to the fullest market scrutiny, the directors of B&C might have chosen demerger as the best way to disentangle the management problems involved in the existing corporate structure.

That would also have the merit of letting the market decide the value of the new public company. Instead the job will be left to BZW. It will have to screw a very full price out of the new investors if B&C shareholders are to be pacified.

If BZW succeeds then the positive side of the exercise will be revealed: the City is meant to impute the new higher value to the unglamorous side of the company, add its own valuation of the financial services side, and pronounce that B&C shares are dramatically undervalued.

But at 450p, down 20p, the B&C share price suggests that the virtues of Mr John Gurn's latest deal are not transparent to his followers.

Shearson Lehman

American Express's reasoning that selling off at least part of Shearson Lehman Brothers will increase its own share price is not the greatest by recommendation for the forthcoming public offering. If owning the third largest brokerage house on Wall Street is just

Woolworth/Superdrug

Woolworth is to be congratulated for its ability to keep a secret as much as for its choice of Superdrug. On a multiple in the mid-thirties, Superdrug is not as highly rated as Underwoods, with which Woolworth was talking a couple of weeks ago.

Hawley/BCA

After nine years of doing deals together it seems unreasonably fitting that Hawley Group and British Capital Actions should take the plunge, a play the market decided to follow.

Hawley's sceptics who have not been persuaded by recent simplifications will complain of yet more paper and the lack of a cash alternative in a falling market. But as BCA was never a stock for sceptics, or for those who might feel uneasy about a Bermudian domicile, there should be little dispute about the deal. In any case Hawley and the BCA board held at least 20 per cent of BCA which, combined with a few friendly institutions, leaves little room for dissent.

BCA is providing 22 per cent of historic profits for about 20 per cent of the combined equity. But considering it has, in effect, been on the market for several months at an estimate of 15 is not ungenerous while Hawley will provide both a broader base and plenty of cash for expansion.

And if the full listing in the US is imminent the Hawley stream of earnings may soon be taken more seriously than its artificial domicile, in which case the long-hoped-for re-rating could soon be achieved.

BCA is unlikely to provide an immediate earnings boost in Hawley but at least this "people business" will stay in one piece and give it a useful fourth leg. A quick repayment of those loan notes will strengthen the Hawley balance sheet and 20 cents of earnings (21 cents) looks feasible for this year.

China TV deal for Maxwell

By Raymond Snoddy in London

MR. Robert Maxwell, the British publisher, yesterday announced an agreement to provide programmes on Western science technology and industry for China Central Television (CCTV).

The deal covers 52 half-hour programmes for a series called What's New, which will be co-produced by CCTV.

Mr Maxwell said yesterday: "It's a new route into China and a direct means of communicating with key decision-makers."

The project will be financed by a mixture of sponsorship and up to four minutes of advertising time for each programme. Mr Bryan Cowgill, deputy chairman of Mirror Group Newspapers, Mr Maxwell's company, said that companies could offer films on new products for inclusion in the programme but added: "Any film that is boring would not qualify for the programme."

The programme is being seen as a sponsored version of the BBC's long-running programme Tomorrow's World for the world's largest television audience.

The project is being put together by a Maxwell company, Pergamon Media Trust, and Great Eastern Development (GED), a US-based China trading organisation. Pergamon GED is joining with CCTV and the China International Trust Investment Corporation.

Mr Fang Cunlin, deputy head of education at CCTV said the series was an entirely new concept. The deal is part of Mr Maxwell's long-term ambitions to be a global broadcaster. The British publisher claimed yesterday that he was talking to Comecon, the organisation of Eastern European states, on the possibility of delivering satellite broadcasting channels to Eastern Europe.

Mr Maxwell also confirmed that he was talking again to the French authorities about investing in TDF.

Pretoria minister's withdrawal deals fresh blow to leadership

By ANTHONY ROBINSON in JOHANNESBURG

THE WITHDRAWAL of Mr Louis Nel, South Africa's former Deputy Information Minister, as a National Party candidate only hours after the apparent suicide of Mr John Wile, the Minister for Environmental Affairs, has given another shock to a ruling National Party leadership facing an electoral challenge from both left and right.

Mr Nel survived removal as Deputy Foreign Minister in 1985 after making clandestine visits to the rebel Mozambican National Resistance (MNR) unknown to Mr P. W. Botha, the Foreign Minister, only to be sacked again last November as Deputy Information Minister. He now appears to have finally ended his political career in favour of a new one as a business legal consultant.

In his last ministerial post Mr Nel embarrassed the Government by spending more than R4.5m (\$1.46m) on a controversial, multi-racial song. But his latest business ven-

ture could have proved equally as embarrassing.

According to a report in the Johannesburg Sunday Times, Mr Nel, acting in his private capacity as a self-proclaimed "international business consultant," was involved in a bid by Japanese businessmen and bankers to buy surplus land surrounding the South African embassy in Tokyo. The Foreign Ministry was involved on its own behalf in secret preliminary negotiations to sell the land in order to partially finance the building of a new ministerial headquarters in Pretoria.

Mr Nel said yesterday he had withdrawn through personal choice and not because of pressure following the revelations. But there is little doubt that the issue could still damage the high profile campaign by President P.W. Botha, who has tried to make the question of financial probity a major campaign platform.

Mr Nel's activities were undertaken as a private business venture unrelated to party fund-raising, but he may well have weakened President Botha's attempt to portray the National Party as a model of probity while at the same time accusing the three independent candidates, and anti-apartheid organisations, of illegal fund-raising and improper use of foreign funds. The campaign is part of Mr Botha's strategy of blaming foreign interference for many of South Africa's (and the National Party's) current problems.

In his opening campaign speech last week at Lichtenburg, in the heart of the right-wing western Transvaal farming area, Mr Botha raised the question of foreign funding and attacked America and the West generally for allegedly doing the Kremlin's work for it by trying to weaken South Africa through sanctions, disinvestment and other pressures.

France may expel Soviet diplomats

By DAVID HOUSEGO in PARIS

THE French Government is considering the expulsion of one or more Soviet diplomats after finding that the Soviet embassy in Paris was implicated in an industrial espionage network to gather information about the Ariane space rocket and other sensitive industries in the Normandy region in western France.

Seven people, including the head of the Rouen office of Insee, the government statistics office, were charged 10 days ago with supplying information to a foreign power.

According to leaks in the French press yesterday, they were not only interested in the new third stage motor being developed for the Ariane rocket but in other aerospace and high technology companies in the Normandy area, including Hispano-Suiza, Thomson and Matra.

The Soviet official named as managing the network is Mr Valeri Kozlov, the assistant air attaché. But six other Soviet diplomats are also said to be involved.

The French Foreign Ministry declined to comment on the case yesterday. Both Mr Jacques Chirac, the Prime Minister, and Mr Jean-Bernard Raimond, the Foreign Minister, are in the US on an official visit.

For Mr Chirac, the advantages of taking a tough stance with Moscow are largely offset by not wishing to undermine his own planned visit to the Soviet Union in May. Franco-Soviet relations were badly strained by the French expulsion of 47 Russian diplomats in 1983.

Among the plants in which the Soviets appeared to have been interested in Normandy are the Société Européenne de Propulsion

(SEP) at Vernon which is developing the new cryogenic motor for the Ariane; Hispano-Suiza which makes thrust reversers at Harfleur for the Boeing airborne early warning aircraft; the Renault plant at Sandouville; and Thomson telephone and cable plants.

The leader of the group Mr Pierre Verdier appears to have been drawn into providing information for the Soviets through Mrs Antonella Manola, a Romanian who worked in his office. Mr Verdier later travelled to the Soviet Union and married a Soviet. He was given away by Mrs Manola, who, jealous at his marriage, informed the Prime Minister's office by letter.

An Insee official in Paris and a technician working on contract at SEP were also arrested.

Plain talk in Moscow

Continued from Page 1

added that "The next few weeks will show whether Nato is indeed prepared to remove the whole class of nuclear weapons from European soil."

The Soviet leader also accused the French Government of dragging its feet in efforts to improve economic and technical links. He said: "There will be no progress if the British side intends to persist in its reluctance to remove the barriers that are standing in the way and that either exclude the items we find most attractive, impede the access of Soviet goods to your markets or make your companies' bids non-competitive."

Mrs Thatcher, in her speech, stressed that any agreement on me-

dium-range missiles must have constraints on shorter range missiles to ensure there is no circumvention. She said that the next stage must be further negotiations to reduce the imbalance of shorter range missile systems.

She also said that "There must also be real progress in negotiations to deal with the Warsaw Pact's superiority in conventional forces." She quoted a recent proposal by Mr Gorbachev himself that the way to deal with this is not for the one with less to increase his forces but for the one with more to reduce them.

Mrs Thatcher supported the US view that discussions on reductions in strategic nuclear weapons should be separate from the US Star Wars

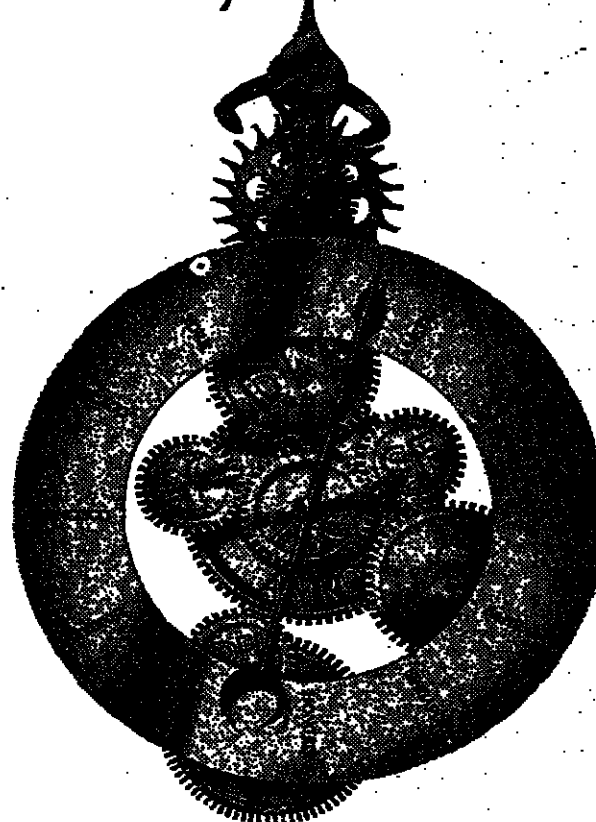
World Weather

Area	°C	°F	Area	°C	°F	Area	°C	°F	Area	°C	°F
Algeria	12	54	London	12	54	Madrid	12	54	Paris	12	54
Athens	18	64	Lyons	12	54	Manila	28	82	Rome	12	54
Bombay	28	82	Moscow	12	54	Medan	28	82	Seoul	12	54
Buenos Aires	12	54	New Delhi	28	82	Montevideo	12	54	Singapore	28	82
Calcutta	28	82	Osaka	12	54	Norfolk	12	54	Tokyo	12	54
Cairo	22	72	Perth	12	54	Orlando	12	54	Yokohama	12	54
Canton	22	72	San Francisco	12	54	Philadelphia	12	54			
Chongqing	18	64	Sao Paulo	12	54	Pittsburgh	12	54			
Cebu	28	82	Shanghai	12	54	Portland	12	54			
Colon	28	82	Seoul	12	54	San Jose	12	54			
Hankow	18	64	Singapore	28	82	San Juan	12	54			
Hong Kong	28	82	Sourabaya	28	82	Santiago	12	54			
Kobe	12	54	Taipei	28	82	Sao Carlos	12	54			
London	12	54	Tokyo	12	54	Unionville	12	54			
Manila	28	82	Yokohama	12	54	Washington	12	54			
Medan	28	82				Winnipeg	12	54			
Moscow	12	54				Zurich	12	54			
New Delhi	28	82									
Osaka	12	54									
Perth	12	54									
San Francisco	12	54									
Sao Paulo	12	54									
Shanghai	12	54									
Seoul	12	54									
Singapore	28	82									
Sourabaya	28	82									
Taipei	28	82									
Tokyo	12	54									
Yokohama	12	54									

Headings at midday yesterday.

C-Clearly; D-Disturb; F-Fog; H-Haze; S-Snow; T-Thunder.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday March 31 1987

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VEHICLE CONTRACTURE
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BASF reports sharp drop in profits but predicts upturn

BY ANDREW FISHER IN FRANKFURT

BASF, the big West German chemicals group, reported a sharp drop in group profits for the whole of last year but said that business was expected to develop satisfactorily in coming months.

Pre-tax profits in 1986 were down by 13.8 per cent to DM 2,338m (\$1,459m) as a result of the fall in the dollar and lower oil prices. World sales slipped by 2.7 per cent to DM 43.1bn.

The result, which is in line with the trend earlier reported by the company for the first nine months, is the second from one of Germany's big three groups in the industry. Last week, Hoechst said its group profits were nearly 2 per cent higher at DM 3.2bn.

For the rest of 1987, BASF said business should move along satisfactorily, without the unusual influences which affected 1986, such as the drop in the dollar and in oil prices. Both the order inflow and backlog were still high.

BASF, based in Ludwigshafen, said it regarded 1986 as a successful year, since sales volumes had developed well, despite the drop in nearly all currencies against the D-Mark and the decline in oil and petrochemical prices.



Mr Hans Albers, BASF chief executive

The group said that the rise in the D-Mark caused turnover to show a decline when translated into the German currency and also led to lower prices for exports from within Germany.

Turnover in BASF's oil and gas activities showed a marked fall last year because of the lower crude oil price. It also led to a reduction of prices in the petrochemical sector.

In most sectors, rises in turnover were achieved only through acquisitions made during the previous year and which had a full impact on the 1986 results.

The biggest of these acquisitions was the \$1bn purchase of Inmont, the US motor pipes and engineering inks company, from United Technologies. It also bought other US and European carbon fibre and plastics operations.

BASF said that as well as declines in turnover it also suffered profit falls in oil and gas, fertiliser, plant protection products, potash, and basic chemicals. In other areas, profits were higher as a result of previous expansion.

Thus, said the group, the overall DM 41m drop in group profits before tax was roughly the same size as the write-down in stock values which occurred at the start of the year in its oil and gas operations, mainly at its Wintershall subsidiary.

At the parent company level, pre-tax profits showed a small 3.2 per cent increase to DM 1,971m on sales which were down by 8.5 per cent to DM 18.7bn. Group capital spending was 8.2 per cent higher at DM 2.7bn.

German steel group wins F&S battle

By Peter Bruce in Bonn

MANNESMANN, the big West German steel pipes and engineering group, yesterday won a three-month battle to take control of one of the country's biggest motor component groups, Fichtel & Sachs, for an undisclosed sum.

Mannesmann said it had bought a 75 per cent stake in the MFC Sachs Vermögensholding, which controls the 77.5 per cent stake once held by the late Mr Ernst Wilhelm Sachs in Sachs AG, the Fichtel & Sachs holding company.

In addition, the Commerzbank has agreed to sell Mannesmann its 35 per cent stake in Sachs AG, the late 10 per cent of which was recently sold to the bank by Mr Guntar Sachs, Ernst Wilhelm's brother.

The chief competitor in the race for control of Fichtel & Sachs, the state-owned steel and engineering group Salzgitter, is now negotiating the sale of its 24.98 per cent stake in the group to Mannesmann as well.

Fichtel & Sachs is primarily a clutch producer. Turnover last year was some DM 2.2bn (\$1.2bn). The group employs 17,000 in plants in Schweinfurt, Kitzingen and Hanau and in 30 subsidiaries in West Germany and abroad. Mannesmann did not disclose the cost of the acquisition.

The move fits neatly, nevertheless, into efforts by Mannesmann to diversify away from its loss-making steel pipes business into areas where it can expand its growing mechanical and electrical engineering skills.

A sharp recovery in profit at Mannesmann after difficulties three years ago has been somewhat blunted by renewed problems with its steel business.

Turnover hovers around DM 18bn a year, and the group's chairman, Mr Werner Dieter, said recently that the group was actively looking for acquisitions in the US.

The assumption of control at Fichtel & Sachs still requires approval of the capital authorities in West Berlin, but this is not expected to be a problem.

Italian fibres group posts sharp decline

By Our Milan Correspondent

SNIA BPD, the Italian fibres, munitions and chemicals group which is under the effective control of Fiat, yesterday recorded a decline in its 1986 net profit of 28 per cent to L1,681m (\$62.3m).

At the pre-tax level, and before interest charges, Snia made a profit of L1,212m (\$83.1m), an 11 per cent rise on the previous year.

The Snia profit was struck on consolidated group turnover of L3,421m, which was 4 per cent higher than the 1985 level. Exports accounted for 43.4 per cent of total revenues.

The group's net debt declined from L1,044m to L1,016m while net equity rose by 83 per cent from L1,495m to L1,772m. Snia BPD is chaired by Mr Cesare Romiti, who is also managing director of the Fiat group.

Stiri, the telecommunications installation and maintenance company which is part of the IRI-Sist state-holding group, yesterday announced a 41 per cent increase in 1986 net profits to L1,066m. The company's turnover was unchanged at L505.4m.

Seas, the quoted holding company whose principal asset is a 51 per cent controlling stake in the Rinascente department stores group, has reported a 27 per cent rise in its 1986 net profit to L14.9m.

COMPUTER GROUPS NEAR COMPLETION OF JOINT VENTURE STUDIES

Honeywell, Bull finalise details

David Thomas in London reports on how three computer groups are approaching the marketing, production and R&D aspects of their joint venture, agreed last week.

BULL OF FRANCE, Honeywell of the US, and NEC of Japan, are completing a series of studies of how their new computer joint venture, Honeywell Bull, will affect their marketing strategies, manufacturing operations and product development.

So far, most of the information about the joint venture, which was formally agreed last week, has concerned the financial and management structure of the joint venture, which is based on Honeywell's information systems division.

Bull is taking management control of the venture, with an initial stake of 42.5 per cent, building up to 65.1 per cent during the next two years.

Mr Brian Long, chairman of Honeywell UK, who has a place on the management committee of the new venture, yesterday disclosed the initial thinking about the venture's commercial strategy.

A number of working parties had been established to look at the venture's implications for manufacturing and purchasing, marketing in Europe and North America and individual product areas.

These working parties would be reporting their recommendations to the new Honeywell Bull board by the end of May.

He did not foresee much scope for rationalisation in the short term because the companies had already been co-operating closely in their marketing strategies before establishing the joint venture.

However, Mr Long, who sits on all the working parties, said there was immediate scope for distributing the three companies' products in new markets as a result of the joint venture. The three companies would be likely to develop a unified product strategy for the next generation of products.

As an example, Mr Long mentioned that the three companies offer different personal computers at present. Honeywell distributes personal computers made by NCR of the US, as well as by itself.

Mr Long said this would probably change in the medium term, with the joint venture distributing personal computers made only in-house. Mr Long thought the joint venture might choose to base its PC strategy around the NEC range, although no final decisions had been taken.

The former Honeywell organisation would remain responsible for the joint venture's operations in the UK and Italy, with Bull remaining responsible for the rest of Europe.

This meant that Bull would not be increasing its direct presence in the UK, which traditionally has not been large.

However, the UK arm of the operation is looking at how more Bull products could be sold in the UK under the Honeywell Bull label.

Mr Alex Russell, Honeywell UK's marketing manager, said he was

studying how to introduce more of Bull's products aimed at the financial sector, such as its banking terminals, into the UK.

He also thought that components which Honeywell bought from other companies could be replaced by Bull or NEC components. For example, Honeywell bought large discs from IBM, but NEC also made them. Similarly, Honeywell might be able to source its printers from Bull.

Mr Long was certain that Honeywell's computer factory in Newhouse, Scotland, which employs about 250, would not be closed because of the venture, even though it makes the same minicomputer as a Bull factory in Angers, France.

He said the Scottish factory was modern and efficient. In the longer term, however, there might be a different distribution of products between the Newhouse and Angers factories.

He hoped the venture could lead to extra research and development work for the 350 staff at Honeywell's UK development centre in Hemel Hempstead.

Arbed cuts jobs as sales fall

BY WILLIAM DAWKINS IN BRUSSELS

ARBED, the Luxembourg-based steel producer, yesterday unveiled an expected decline in profits and sales and announced that it had reached agreement with the Government and unions on major job cuts.

Net profits for 1986 fell from LFr 1,120m (\$38.8m) to LFr 890m (\$28.4m), a 20 per cent drop, while turnover fell by 11.4 per cent to LFr 57.8bn. Demand slackened markedly during the second half of the year, leaving annual output down by 7 per cent to 3.73m tonnes.

The group indicated yesterday that the outlook for the current 12 months was gloomy and that production was expected to continue to

decline. A tripartite committee of political, union and company representatives has therefore agreed to slim Arbed's workforce by 2,000 over the next three years, the intention being to make all the reductions through early retirement at 57.

Arbed has already more than halved its workforce from 27,000, when recessions first started to hit the steel industry in 1975, to the present complement of 13,000.

Cash flow slipped from LFr 6.7m to LFr 5.7m last year. Both sales prices and demand continued to weaken during the early months of 1987, but the EEC's provisional deci-

sion to keep in place for the time being the Community's crisis regime of production quotas should help to support the market, the company said.

The weakness of the EEC steel market was further underlined yesterday by European Commission figures showing that crude steel production in February had reached 9.9m tonnes, a fall of 5 per cent compared with the same month in 1986. New orders in 1986 stood at 82.8m tonnes, 4 per cent down on the previous year, while last year's deliveries declined by 2.5 per cent to 83.7m tonnes, said the Commission.

Seb exceeds profit forecast

BY GEORGE GRAHAM IN PARIS

SEB, the French cooking equipment producer, exceeded its earnings forecasts last year with a 57 per cent increase in net profits to FFr 110m (\$18.3m).

Sales rose 7 per cent to FFr 3,470m. Operating costs grew more slowly, and financing costs were reduced, leaving the company with current profits up 37 per cent at FFr 251m.

Seb's buoyant results contrast with Moulinex, its chief rival on the

French cooking equipment market, which is expected to have recorded losses of well over FFr 200m in 1986.

The Seb results follow successful launches for three new products during the year: the Calor irons, the Seb pressure cooker and the Tefal electronic scales, of which 200,000 were sold - half of them outside France.

The Calor division returned to profit during the year, producing a

profit of FFr 8m after losses of FFr 70m in 1985 and FFr 110m in 1984.

Seb said that after extra costs last year from restructuring, factory transfers and new product start-ups, a significant improvement in profitability was expected this year.

Current profits are expected to increase by 30 to 35 per cent to more than FFr 300m, with sales rising by 5 to 7 per cent.

A dividend of FFr 19-a-share net of tax will be proposed.

Deutsche Bank to pay DM 5 extra bonus

By Andrew Fisher in Frankfurt

DEUTSCHE BANK, the largest bank in West Germany, is to pay a DM 5 (\$2.77) bonus to shareholders on top of a maintained DM 12-a-share dividend because of the sharp jump in 1986 profits resulting from the flotation of the former Flick industrial empire.

That operation yielded the bank a pre-tax profit of some DM 1bn, and it promised last December, when announcing its figures for the first 10 months, that a special bonus would be paid.

Profits on the Flick flotation accounted for most of the bank's rise in partial operating profits for the first 10 months. These were 54 per cent higher at DM 2,420m though, without the Flick contribution, the rise was only 2.5 per cent.

Hawley to buy British Car Auctions Group

BY CLAY HARRIS

HAWLEY GROUP is to buy British Car Auctions Group in an agreed bid which values the target company at £182m (\$283m). The acquisition will add another sector to Hawley's existing interests in cleaning, security and food services.

The merger will reunite Hawley's Mr Michael Ashcroft and BCA's Mr David Wickins, who disentangled their companies' joint investments in 1985 and 1986. Both men emphasised yesterday that BCA, which operates 26 car auction facilities evenly split between the UK and the US, would operate as a separate unit within Hawley, under Mr Wickins' management.

Hawley, registered in Bermuda since 1984, will give BCA the cash resources to expand its auction network in the US. BCA will have

\$100m to spend without board approval. "The average price of an auction today is about \$7m whether we create it or whether we buy it," Mr Wickins said.

For Hawley, BCA is another high cash-flow, low-asset business. The combined group will derive nearly two thirds of its earnings from the US.

"We're knocking on a total combined capitalisation of about £1bn," Mr Ashcroft said yesterday, contrasting the figure with Hawley's £228,000 market value when he took over in 1978 and BCA's initial worth of £480 when Mr Wickins founded it in 1984.

In 1986 Hawley reported pre-tax profits of \$83.3m.

Background, Page 36; Men and Matters, Page 25

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Bearer Depository Receipts for Shares of Cumulative Preferred Stock (Series A) \$1.00 Par Value \$10.00 Redemption Value (the Preferred Stock) of

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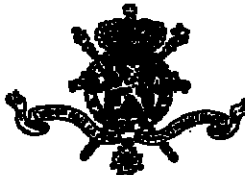
Bankers Trust International Limited

J. Henry Schroder Wagg & Co. Limited

March, 1987

INTERNATIONAL COMPANIES and FINANCE

U.S. \$300,000,000



The Kingdom of Belgium

Floating Rate Notes Due May 2005

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 6.5% for the Interest Determination Period 31st March, 1987 to 30th April, 1987. Interest accrued for this Determination Period and payable on 29th May, 1987 will amount to U.S.\$1,380.21 per U.S.\$250,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York
London

Wells Fargo
International
Financing
Corporation N.Y.
U.S. \$50,000,000
Guaranteed Floating
Rate Subordinated Notes
due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Sub-period 31st March, 1987 to 30th April, 1987 the Notes will carry an Interest Rate of 6.5% per annum. The Interest accrued for the above period will amount to US\$4.69 and total interest payable per Note on 30th April, 1987 will be US\$161.57.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

CITICORP

U.S. \$500,000,000

Subordinated Floating Rate Notes

Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 6.5% and that the interest payable on the relevant Interest Payment Date April 30, 1987 against Coupon No. 18 in respect of US\$10,000 nominal of the Notes will be US\$55.00.

March 31, 1987, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

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COUNCIL

The Financial Times proposes to publish this survey on the following date:
THURSDAY, 14th MAY 1987
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U.S. \$100,000,000

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Arrangers and Dealers

Svenska Handelsbanken PLC Manufacturers Hanover Limited

Issuing and Paying Agent

Manufacturers Hanover Trust Company

March 1987

Debt-hit HBC to sell wholesaling interests

By Bernard Simon in Toronto

HUDSON'S Bay Co., the debt-burdened Canadian retail and property group, is to sell its wholesaling business to a private investment group as part of a strategy to concentrate on its department store and real estate interests.

Terms of the sale were not disclosed. The purchasers include members of the wholesale division's present management. Although the wholesaling division contributed more than an eighth of HBC's revenues in the year to January 31, its operating earnings of C\$2.2m (US\$1.2m) were only 4 per cent of the total.

Cigarette and confectionery distribution and office coffee services comprise the bulk of HBC's wholesaling interests. The coffee service has 15,000 customers throughout Canada.

Construction groups agree to merger

By Our Montreal Correspondent

CANADIAN FOUNDATION Co., Toronto and Banister Continental Edmonton, two of Canada's oldest and largest construction companies, plan to merge. Combined 1986 revenues were more than C\$300m (US\$222m) and net worth \$90m.

Both are seeking more domestic and foreign business and both survived the 1982-83 recession, partly with the help of foreign work.

Banister will become a holding company and Canadian Foundation the operating company.

About 15 per cent of Banister's shares will be held by the Canadian arm of Sweden's Skanska AB construction group.

The Banister family will control the company and has made an agreement with the Swedish group that any future acquisitions of Banister shares by Skanska will not increase its holding to more than that of the Banister family.

Legal battle likely over Usego-Trimerco

BY JOHN WICKS IN ZURICH

A LEGAL battle is likely over control of Usego-Trimerco Holding, a leading Swiss retail group, following the announcement that the Zurich-based Denner group now owns a majority shareholding.

Usego, whose 1985 turnover amounted to almost Sfr 1.2bn (Sfr80m), last year reacted sharply to large-scale purchases of its shares. The board claimed that

these were being bought up on behalf of Mr Karl Schwenk, the proprietor of Denner.

The Denner group is one of Switzerland's biggest retail chains, owning the Denner cut-price supermarkets, the Franz Carl Weber toy shops and the Wallace chemists' shops. In 1986 total group turnover - including sales of the Pronto-Reisen travel agencies - rose by 8.3 per

cent to Sfr 1.44bn.

Mr Schwenk has now disclosed that he was responsible for buying up Usego shares, stating that he now owns 52 per cent of overall share capital.

Although he says these include over three-quarters of all Usego bearer shares, Mr Schwenk's voting rights majority appears to be blocked by the fact that some of the

registered shares are still in the name of their former owners.

Usego chairman Mr Paul Baumgartner has said that the board does not propose to enter these shares into the register so as to give Mr Schwenk a voting majority. His company, which sees the Denner move as "without a chance," is considering suing Mr Schwenk for alleged unfair competition.

Mine doubles capacity

BY BERNARD SIMON IN TORONTO

CAPACITY at the Round Mountain Mine in Nevada, the world's biggest heap-leach gold producer, is to be doubled at a cost of \$140m.

The mine's three shareholders said that the expansion would raise annual output to 300,000 ounces when completed at the end of 1988.

Echo Bay Mines of Edmonton, the fast-growing Canadian gold producer, has a 50 per cent interest in Round Mountain, with the rest split equally between Homestake Mining, the biggest US gold producer, and Case Pomeroy and Co, a private New York concern.

Canadian mill plan

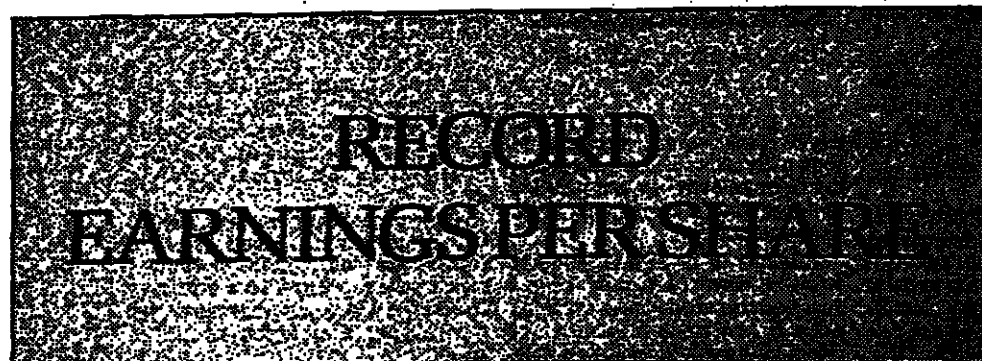
BY ROBERT GIBBENS IN MONTREAL

A C\$420m (US\$322m) project to build a 210,000 tonnes yearly capacity super-calendered paper mill at Matane, about 50 miles north-east of Montreal on the St Lawrence south shore, is getting back on track.

Last January Sanghvi of Nor-

way dropped plans to build the magazine-quality paper mill at Matane saying the cost had risen from C\$200m to more than C\$400m.

The Quebec Government said delays in negotiating federal financial support contributed to the higher costs.



The strong recovery shown in the first six months continued with the result that the profits before and after taxation for the year were also records and the earnings per share increased by 17.5% to a new high of 16.1p.

The taxation charge returned to a more normal level.

Despite the expenditure of £27m cash on the acquisition of companies (with existing borrowings of £8m). Group net borrowings at 31st December 1986 were only £2m higher than the previous year.

Since the end of the year two significant events have occurred. Firstly, on the 12th February the U.K. cement manufacturers ended their 58 year old Common Price and Marketing Arrangements. Although a period of adjustment can be expected our division, Rugby Cement, is well prepared to operate in these changed circumstances. Secondly, the Hotel companies in Western Australia have agreed terms for the sale of the freehold property and assets of the Parmelia Hotel for a cash consideration of A\$31.5m (£13.5m) some £7m over its 31st December 1986 book value.

Shareholders will be asked to approve at the Annual General Meeting on 5th June 1987 a change in the Company's name to The Rugby Group PLC.

1987 has started well.

G.A. Higham
Chairman

30th March 1987

Results in Brief	1986	1985
Turnover	£12.3	252.2
Profit before tax	35.5	21.8
Earnings	23.0	18.0
Earnings per share	16.1p	13.7p
Dividends per share	7.0p	6.4p
Exchange rates used: US\$ - £1	1.48	1.45
AS - £1	2.25	2.45

Full financial statements will be delivered to the Registrar of Companies and carry an unqualified audit report.



THE RUGBY PORTLAND CEMENT PLC.

For a copy of the 1986 Report & Accounts, please contact: The Secretary,
The Rugby Portland Cement PLC, Crown House, Rugby CV21 2DT. Tel: 0786 2111.

البنك السعودي العالمي المحدود

Saudi International Bank

AL-BANK AL-SAUDI AL-ALAMI LIMITED

Extract from Consolidated Accounts at 31 December 1986

	1986 £'000	1985 £'000
Share Capital and Reserves	141,831	135,631
Subordinated Loans from Shareholders	51,562	53,578
Total Capital Funds	193,393	189,209
Deposit Liabilities	2,968,426	2,665,406
Loans	1,213,935	1,278,011
Total Assets	3,226,882	3,064,759
Profit before Taxation	17,836	19,145
Profit attributable to Shareholders	10,200	11,100

Shareholders: Saudi Arabian Monetary Agency
National Commercial Bank (Saudi Arabia) Riyad Bank,
Morgan Guaranty Trust Company of New York, The Bank of Tokyo Ltd, Banque Nationale de Paris,
Deutsche Bank AG, National Westminster Bank PLC and Union Bank of Switzerland.

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Floating Rate Loan Notes

Due 1996 (Series A)

Interest Rate 10.00%

Interest Period 30th March 1987

To 29th April 1987

The coupon amount will be

US\$3,431.25 and will be payable

on 30th September, 1987 against

surrender of Coupon No. 13.

Agent Bank:

Morgan Guaranty Trust

Company of New York

London

NATIONAL BANK OF DETROIT
U.S. \$100,000,000
Floating Rate Subordinated
Capital Notes due 1996

Notice is hereby given that in respect of the Interest Period from March 31, 1987 to June 30, 1987 the Notes will carry an interest rate of 6.64% per annum. The coupon amount payable on June 30, 1987 will be US\$167.47 per US\$10,000 Note.

March 31, 1987
The Chase Manhattan Bank, N.A.
London, Agent Bank

IRELAND
U.S. \$50,000,000
Floating Rate Notes due
March 1996

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the next interest period has been fixed at 6.1% per annum.

The coupon amount will be US\$3,431.25 and will be payable on 30th September, 1987 against surrender of Coupon No. 13.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

Wells Fargo
& Company
U.S. \$150,000,000

Floating Rate
Subordinated Notes
due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st March, 1987 to 30th April, 1987 the Notes will carry an Interest Rate of 6.60% per annum.

Interest payable on the relevant interest payment date 30th April, 1987 will amount to US\$55.00 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

The Republic of Italy
U.S. \$500,000,000
Floating Rate Notes
due 2005

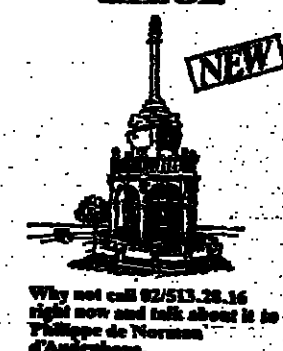
In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 31 March, 1987, to 30 April, 1987, the Notes will carry an interest rate of 6.64% per annum. The interest payable on the relevant interest payment date, 30 April, 1987 will be US\$34.69 per US\$10,000 nominal amount in Bearer (Coupon No. 20) or Registered form and US\$1,367.19 per US\$250,000 denomination in Bearer form (Coupon No. 20).

31 March, 1987,
The Chase Manhattan
Bank, N.A.
London, Agent Bank.

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CORPORATION N.V.

(Incorporated with limited liability in the Netherlands Antilles)
GUARANTEED FLOATING RATE SUBORDINATED
NOTES DUE 1994

Guaranteed on a Subordinated basis by

Continental Illinois Corporation

(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 6.44% p.a. and that the interest payable on the relevant Interest Payment Date, June 30, 1987, against Coupon No. 20 will be U.S.\$169.05 in respect of U.S.\$10,000 nominal amount of the Notes.

March 31, 1987, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

THE NEW GLOBAL LANGUAGE OF CAPITAL.

American companies are financing in Europe. European companies are financing in America. The Japanese and Koreans are expanding their financing horizons. What is now required of an investment bank is the depth and

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AND THERE ARE 24 HOURS
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Capital is now the world's global language. There are those who understand this. And those who do not.

Talk with us. In New York, please call Greg Sacco or Jim Stern at 640-7272. In London, Jacques Gelardin, 626-2525. In Tokyo, Kiyonobu Shimazu, 505-9000.

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INTERNATIONAL COMPANIES and FINANCE

Earnings
at Dairy
Farm rise
by 27%

By David Dodwell in Hong Kong

DAIRY FARM International, the food retailing and manufacturing group which last December was demerged from Hongkong Land, yesterday reported after-tax profits for 1986 of HK\$288.7m (US\$37m), an increase of almost 27 per cent from HK\$228m in 1985.

Operations in Hong Kong, accounting for about a third of turnover, which rose 21.4 per cent to HK\$10.5m, continued to generate the lion's share of profits — HK\$229m before tax, out of a total of HK\$452m. Expansion of the Wellcome chain of supermarkets continued throughout 1986, and a further 20 new supermarkets are due to be opened in Hong Kong this year, taking the total to 142.

In Australia, where the group owns Franklins, the country's third largest food retailer, profits remained fine, according to Mr Owen Price, Dairy Farm's managing director. They were nevertheless enhanced in Hong Kong dollar terms because of a weakening of the Australian currency. Turnover of HK\$6.7m generated profits before tax of HK\$312m.

A further 21 new supermarkets are to be opened in Australia this year, most of them in Queensland and Victoria. In addition, the group plans to sell its Northpoint commercial building in Sydney. The property is valued in Dairy Farm's accounts at just over A\$100m (US\$69.8m).

Mr Price noted that expansion was being considered into South Korea and Taiwan. The group sold most of its interests in Singapore two years ago, and has made only slow progress in developing joint venture links with partners in mainland China.

● Singapore Land, which Mr Price subsequently joined as non-executive director, has reported a dip in net profits to \$97.5m (US\$3.65m) from the first half to February, compared with \$88.5m. Our Financial Staff adds.

Fouad group faces Saudi suit

BY ANDREW GOWERS AND MICHAEL FIELD

FOUR international banks are suing the troubled Abdullah Fouad group of Saudi Arabia in a Damman court for the recovery of loans totalling about SR131m (\$34.9m).

The actions, expected to be heard in the next few weeks, are believed to be the first significant cases brought against a major Saudi borrower by foreign banks in a Saudi court. The four litigants, which say they are acting independently of each other, are Citibank (suing for SR55m), Arab Banking Corporation (for SR34.2m), and Bank of America and Bank of Bahrain and Kuwait, which are jointly suing for the recovery of a SR42m syndicated loan.

The decision to sue in a Saudi court follows separate actions

by some of the banks in Bahrain, where the Abdullah Fouad group is known to have property, and reflects frustration among its creditors at what they say is its failure to negotiate for the settlement of outstanding debts.

The group's total debt to banks in Saudi Arabia and abroad was estimated last year at more than \$100m, and it has fallen well behind on payments of both principal and interest.

But the move could also set an important precedent for the large numbers of other international banks which are owed significant sums by Saudi private sector companies. "We are regarding this very much as a test case," said one banker involved.

In cases involving unpaid

debts in the past, Saudi courts have not shown themselves to be particularly well-disposed towards claimants — especially where the amounts claimed include interest payments. The collection and payment of interest is forbidden under Islamic law.

However, participants in the current cases are expressing guarded optimism, since there have been a number of more encouraging Saudi court judgments on interest in recent months.

Bankers are also encouraged by recent debt rescheduling moves by other troubled Saudi companies. At the end of last month, for example, the Jeddah-based Arabian Auto Agency, an importer of construction and agricultural machinery owned

by Mr Zayed Sudairi, agreed to reschedule \$187m of debt with its bank steering group. Another trading company, Redco, owned by Mr Ghahh Pharsan, is reported to be close to an agreement on rescheduling \$947m of debt.

Abdullah Fouad has a highly diversified business in Saudi Arabia's Eastern province, founded on work performed for the Arabian American Oil Company (Aramco) after World War Two. It has agencies for oilfield equipment, food, medical supplies, computers and office equipment (especially Olivetti products). But the group's contracting subsidiaries — hit by the downturn in public construction spending — have created the problems.

Singapore trading companies show increase

BY STEVEN BUTLER IN SINGAPORE

SINGAPORE'S major trading companies managed last year to improve results despite some sharp declines in trading volumes.

Straits Trading, the trading arm of the Overseas Chinese Banking group, saw its position as Singapore's largest trading group undercut as turnover fell by nearly two-thirds to S\$212.7m (US\$99.5m) from S\$595.4m. This is quite a come-down for a company which had 1984 sales of S\$788.4m.

Attributable profits nonetheless rose by 17.4 per cent to S\$49.6m. The group has managed to keep its profits up in part by shrewd property and other investments. Profits were boosted by the inclusion of a

22 per cent increase in extraordinary items to S\$26m.

The group said the fall in business resulted from the decline in tin prices and a reduction in throughput treated by Malaysia Smelting Corporation, a wholly owned subsidiary.

Intraco, the government-controlled trading group that deals in everything from steel and timber to garments and oil,

returned to profitability last year, earning S\$8.2m compared with a S\$1.3m loss in 1985. Profits for the parent company itself reached S\$15.7m, against a S\$4.1m loss.

Group turnover declined by 17.2 per cent to S\$433.2m, reflecting the low price of commodities. Profits were boosted

by a S\$3.3m write-up in value of subsidiary and associated companies.

Intraco was last year shaken by extensive senior management turnover and a failed takeover bid by United Industrial Corporation. It is currently undergoing consolidation and has been recommended for complete privatisation by a government-appointed committee.

Haw Par Brothers, which is less strictly a trading company, appears to have put in the strongest performance, with turnover declining by just 7 per cent to S\$249.0m, while attributable profits more than doubled to S\$24.7m.

Haw Par said that profits were improved due to cost cut-

Israel Discount
Bank profits
plunge by 94%

By Andrew Whitley in Tel Aviv

NET PROFITS at Israel Discount Bank, the country's third largest financial institution, plunged by 94 per cent last year to 2.4m shekels (\$1.49m) compared with 40.2m shekels in 1985.

Without the earnings of its overseas subsidiary, Israel Discount Bank of New York and Barclays Discount, its local affiliate with Barclays Bank, IDB would have been heavily in the red.

Mr Joseph Ciechanover, chairman of the Recanati family-owned bank, attributed the sharper than expected decline to reduced profit margins, a government-imposed freeze on bank charges

It was nevertheless "impossible to be satisfied with the figures," said Mr Ciechanover, who took over as chief executive in the middle of the year. He said the bank was stepping up its voluntary redundancy plan, whereby it hopes to shed 15 per cent of its 5,800-strong workforce.

Computer pact for Indian banks

BY R. C. MURTHY IN BOMBAY

THE INDIAN banking industry, which employs nearly 1m people, took a leap towards computerisation when two big bank trade unions agreed to the installation of equipment valued at more than Rs 2bn (\$156m), over the next 2½ years.

Government-owned banks are the main beneficiaries, since foreign banks have computerised their operations at their 138 branches beyond the level now agreed, by negotiating bilateral

agreements offering monetary incentives.

The agreement between the Indian Banks' Association and the unions relates to the use of mini-computers for housekeeping tasks and partial front office mechanisation.

Banks will benefit through faster reconciliation of inter bank accounts, which have delayed completion of their annual accounts in some cases by eight months. Customers too

are expected to benefit from computerised clearance.

The gains in productivity will be shared with the workforce. The unions have resisted overtures from banks to install mini-purpose computers, capacity of which is now restricted to 256 kilobytes.

Under the agreement they can be installed at only 6,000 metropolitan and urban branches out of a total 55,000 branch network.

Nylex raises
Borg-Warner
Australia bid

By Our Financial Staff

BTR-NYLEX, the British BTR group's Australian subsidiary, yesterday boosted its takeover offer for Borg-Warner Australia to A\$202.2m (US\$141.3m) with a A\$1 per share increase in the bid for the automotive parts group to A\$5.

Its previous overture came in January, and was rejected by Borg-Warner of Chicago, which owns 65 per cent of the target company. The bid is further cemented by a wholly owned class of preference shares — for which Nylex is offering the same price.

The latest move follows the lifting of a siege imposed on the US group by Mr Irwin Jacobs, the Minneapolis corporate raider who last Friday sold his stake. GAF of New Jersey instead has accumulated a holding in the parent of nearly 20 per cent, and is believed largely to be interested in its specialty chemicals, in particular engineering plastics.

According to Borg-Warner, other potential bidders had attributed interest in the Australian business, although none has yet emerged.

Nylex, itself 59.5 per cent owned by its UK parent, has been seeking at least 50.1 per cent control of Borg-Warner Australia.

U.S. \$200,000,000



Pharmacia

(Incorporated in the Kingdom of Sweden with limited liability)

Euro-Commercial Paper Programme

Dealers

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SVENSKA HANDELSBANKEN PLC

Arranged by

MORGAN STANLEY INTERNATIONAL

March, 1987

U.S. \$75,000,000

Girozentrale und Bank
der österreichischen Sparkassen
Aktiengesellschaft

Floating Rate Subordinated Notes Due 1991

Interest Rate	6¾% per annum
Interest Period	30th March 1987 30th June 1987
Interest Amount per U.S. \$1,000 Note due 30th June 1987	U.S. \$17.25

Credit Suisse First Boston Limited
Agent Bank

U.S. \$75,000,000

Comerica Incorporated

Floating Rate Subordinated
Capital Notes Due 1997

Interest Rate	6¾% per annum
Interest Period	30th March 1987 30th June 1987
Interest Amount per U.S. \$50,000 Note due 30th June 1987	U.S. \$846.53

Credit Suisse First Boston Limited
Agent BankHAND DELIVERY
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Hill Samuel & Co. Limited
London

March, 1987

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S.\$500,000,000 Perpetual Capital Floating
Rate Notes

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 30th March, 1987 to 30th September, 1987 the Notes will carry an Interest Rate of 6.65 per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 30th September, 1987 is U.S.\$339.89 for each Note of U.S.\$10,000 and U.S.\$8,497.22 for each Note of U.S.\$250,000.

Morgan Guaranty Trust Company of New York
Agent Bank

This announcement appears as a matter of record only.

30th March, 1987



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2¾ per cent. Bonds due 1992

with
Warrants

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Issue Price 100 per cent.

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Wood Gundy Inc.CITICORP
U.S. \$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 6.4% in respect of the Original Notes and 6.6875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date April 30, 1987 against Coupon No. 17 in respect of US\$10,000 nominal of the Notes will be US\$55.00 in respect of the Original Notes and US\$55.73 in respect of the Enhancement Notes.
March 31, 1987, London
By: Citibank, N.A. (CSI Dept.) Agent Bank

CITIBANK

U.S. \$500,000,000

CITICORP

Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 6.575% and that the interest payable on the relevant Interest Payment Date April 30, 1987, against Coupon No. 15 in respect of US\$10,000 nominal of the Notes will be US\$54.79.
March 31, 1987, London
By: Citibank, N.A. (CSI Dept.) Agent Bank

CITIBANK

UK COMPANY NEWS

PUBLISHING AND CONTRACT PRINTING HELP RISE

BPCC triples to £80m, starts 'outstanding' year

By RICHARD TOMKINS

British Printing & Communication Corporation, the printing and publishing group headed by Mr Robert Maxwell, yesterday reported a threefold increase in pre-tax profits from £26.5m to £80m for the year to December 1986 and spoke of an "outstanding" start to the current year.

Two of the main factors behind the increase were the acquisition of Pergamon Journals in April last year, which took the publishing division's contribution ahead to £18.8m (£200,000) and the introduction of contract printing for national and regional newspapers, which contributed £11.6m.

BPCC said that its traditional printing businesses had improved sales and profitability with the exception of Purnell, which suffered a seven-month strike. The printing division's pre-tax contribution rose from £26.5m to £35m.

Other activities — mainly treasury management — contributed £16.9m (loss: £200,000). BPCC said the scope for this division's activities had been enhanced by last year's acquisition of Philip Hill Investment Trust, most of whose securities have been liquidated for cash. Group turnover rose from £265.1m to £461.7m. There was a tax charge of £15.9m (credit: £3.2m), leaving earnings per share of 36 pence, up from 25.5p (18.5p). A final dividend of 8p is proposed, making 14p (12p).

Mr Maxwell said BPCC had



Mr Robert Maxwell, chairman of BPCC

passed a number of important milestones on the road to achieving its goal of becoming a global information and communications company before the end of the 1980s. A key step in this strategy had been its entry into the North American market with last year's acquisition of two printing and publishing companies.

Sales for the current year would approach £1bn from existing activities alone, Mr Maxwell said. With borrowings low and £200m in cash and marketable securities, BPCC was well placed to make further acquisitions in information technology in North America and Europe. The results for the

first quarter were forecast to show a "very substantial" increase in pre-tax profit over the corresponding period, Mr Maxwell said, and he was confident that 1987 would show further progress towards BPCC's stated objective of achieving revenues of £5bn by the end of the decade, with earnings per share to match.

● comment

Simple arithmetic dictates that 1987 will provide another strong advance for BPCC. Full-year contributions from Pergamon and the contract printing operation should take the group significantly ahead, so with a reasonable amount of organic growth, a sprinkling of property profits and the benefit of the £200m cash injection from Philip Hill, a figure of £185m must be in reach even without the promised acquisitions. Dilution from the disguised rights will reduce the bottom line advance, but with the share down 6p at 340p, the p/e is still just 12. The City is entrenched in its view that the Maxwell factor commands a discount, yet the rating looks uncharacteristically humble for a company growing this fast. Recent diversifications brought the quality of earnings more in line with those of the more highly rated publishers, and as the company grows to the point where it can no longer be ignored, a weakening of market resistance might yet be in sight.

B & C plans spin off of non-finance activities

By Clay Harris

British & Commonwealth Holdings plans to spin off its commercial and service industry activities as a separate company. Although outside investors will be sought to take up to 20 per cent of the new company, there are no immediate plans for a public listing.

The move is intended to allow B&C to focus on its financial services in the wake of last year's £673m acquisition of Exce, the money broker.

It also reflects the fact that the two broad divisions of B&C require different management approaches and financing methods, according to Mr John Gunn, who will step up to group chairman under management changes also announced yesterday. Mr Peter Goldie is to become chief executive, and Mr Julian Lee, chief operating officer. They had been joint managing directors since January.

Mr Lee will be chief executive, of the new company which will comprise B&C's holdings in air transport, including Bristol Helicopters and Air UK, commercial activities, including commodity trader Kaines and overseas trader Steel Brothers, and hotels and leisure.

The new company should "feel independent even though it's not," Mr Gunn said. The company is expected to have capital employed of between £400m and £500m.

Barclays de Zeeuw & Co. is to advise on the introduction of independent investors. B & C is looking for no more than six. "The outside shareholders are merely coming in as a discipline on B & C to take the long-term view."

Lord Cayer, B&C chairman for 30 years, is to become vice president. Mr Peter Buckley, his nephew, will become deputy chairman and the highest executive from the Cayer family, which owns 31 per cent of B & C through Caledonia Investments.

Lisa Wood on Woolworth's proposed takeover of Superdrug Aiming to take the dominant role

THE EVENTUAL domination of the British toiletries retailing business is the intention of Superdrug, the specialist "drug store" chain which was yesterday the subject of an agreed bid by Woolworth Holdings.

At yesterday's closing prices the terms value Superdrug at around £235m.

Mr Peter Goldstein, joint chairman and managing director of Superdrug, who will remain with the chain, said: "With this move we have an opportunity of dominating the toiletries business."

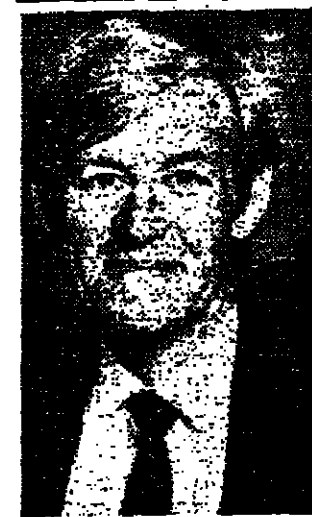
This market, including hair care items and household cleaners, is currently dominated by Boots The Chemist which has in excess of 20 per cent of sales.

Superdrug, set up 21 years ago, pioneered the discount "drug store" concept in Britain. It currently has some 297 outlets throughout the UK and claims a market share of about nine to 10 per cent of the toiletries business which in total is worth over £1.5bn.

Hair care products, household cleaners, baby goods and health foods are all found on the shelves. It went public in 1983. Last year it made a pre-tax profit of £12.3m, an increase of 18 per cent on 1986/86.

But while Superdrug has made an aggressive and profitable impact upon the toiletries market — one sector of chemists' total sales — Woolworth will be able to offer it new muscle in obtaining what are usually very expensive sites on the High Street.

The deal comes just 10 days after the failure of takeover talks between Woolworth and Underwoods, the London-based Both Superdrug and Woolworth yesterday denied that chemist chain.



Geoff Mulcahy, chief executive of Woolworth Holdings

This deal has come out of a long period of contacts between our two companies. Our ambition is to have a group of specialist retail operations, all highly profitable.

they was a shot-gun marriage. "This deal has come out of a long period of contacts between our two companies," said Mr Geoff Mulcahy, chief executive of Woolworth Holdings.

He rejected the suggestion that Woolworth was showing an undue haste to acquire a toiletries business. "Our ambition," he said "is to have a group of specialist retail operations, all highly profitable."

Woolworth Holding's strategy, stiffened by a new management backbone brought in since a group of City institutions bought it in 1982 from its US parent, has been to develop specialist retailing.

The main strands of these are its B & Q do-it-yourself business, the Comet electrical stores and Woolworth, the High Street variety chain.

At Woolworth a refined merchandising plan and refurbishment programme currently underway led last year to an 120 per cent increase in profits. The

believed Superdrug was a better fit with Woolworth than Underwoods.

Superdrug has a proven national retail concept, unlike Underwoods. Also Superdrug has a machine-like efficiency in its systems, distribution and management control.

Superdrug was set up by brothers Peter and Ronald Goldstein, the joint chairman and managing directors. It started as one outlet on Putney High Street, London.

"We spent the first three of four years trying to get a retailing formula," said Mr Peter Goldstein.

The retailing formula pioneered by the Goldsteins has been dubbed "drug stores." Other chains that have sprung up include Share and Tip Top. Unlike traditional chemists' shops they do no National Health dispensing and offer discounted toiletries and associated products in supermarket-type layouts. Their growth has been rapid.

Verdict, the market research organisation, estimated that discount drug stores' shares of the chemists' goods market was 2.9 per cent in 1980. It is now 12.5 per cent.

Verdict estimated that sales in the drug store sector have trebled in the last five years while non-NHS business in chemists has risen by less than half.

It said: "The figures are from a relatively low base and are a partial reflection of the success which drug stores have enjoyed in attracting sales from grocers as well as other retailers but still illustrate the growth of drug outlets at the expense of chemists."

Superdrug, with some 37 per cent of the "drug store" discount market, and now Woolworth's muscle, is determined to keep up the momentum.

Slough rises 26% to £49.6m

Slough Estates, property company, increased its 1986 pre-tax profits by 26 per cent from £39.5m to £49.6m, including a non-recurring currency profit of £2m, up from £1.1m last time.

Turnover, rental income and sales improved from £95.7m to £103.5m last year while the cost of sales, including estate operating costs were down from £26.4m to £33.8m. Other income amounted to £2.5m (£1.4m) and administration expenses and net interest payable totalled £5.8m (£4.5m) and £17.5m (£17.3m) respectively. The

share of associates profits was £0.7m (£0.6m). Stated earnings per share were 13.8p compared with 11.65p and the dividend is raised from 5.5p to 6.5p with a proposed final of 4p (3.3p).

● comment

The market's obsession with residential property has served to obscure the virtues of the industrial sector — in which Slough Estates is the largest single operator. These profit figures are £3m ahead of forecasts and, while the Bath Road trading estate in Slough may

not be every developer's idea of heaven, rents are on the increase (up to £6.25 per sq ft from £5.50 a year ago) and solid capital growth looks likely. With over 10 schemes in the pipeline, Slough Estates has entered a more aggressive phase in which trading opportunities will be taken more readily. However, this is for the future. At present the group is trading on a very small discount to fully diluted net asset value of 214p — which suggests that most of the good news is already fully represented in the share price of 210p.

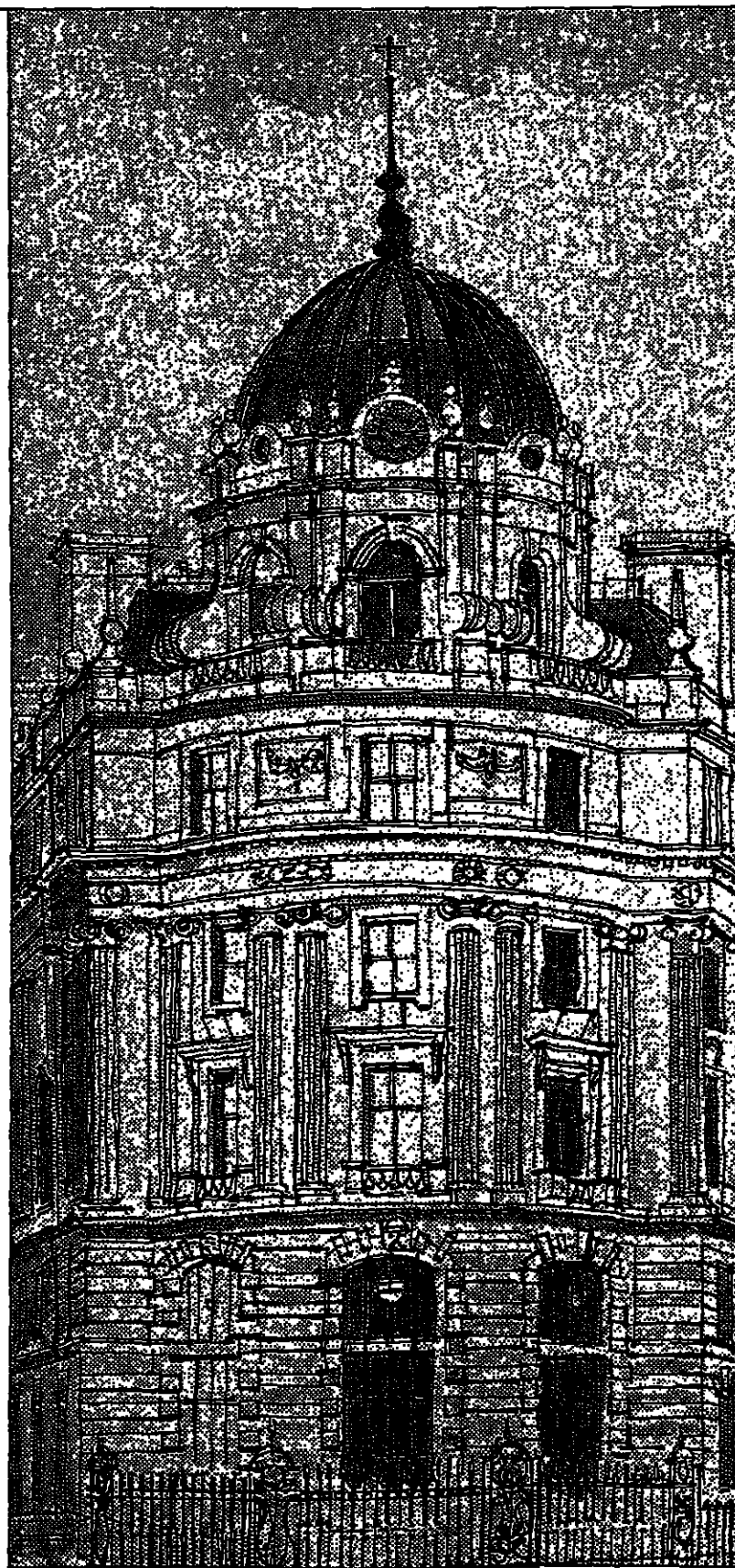
1986, a strong recovery.

1986 was a year during which the industry, and Royal particularly, was able to achieve a quite substantial consolidation.

The benefit of the actions taken by us in 1986 and prior years is reflected in the strong recovery in pre-tax profits from £41.4m to £204.8m.

With the improved trading results and the firmness in international stockmarkets, the net worth of the company increased by £560m to £2,465m (1,036p per share), inclusive of the balance sheet value of long term business, of £400m (169p per share).

In view of both the current improvement in results and the outlook for the future, the company now has the ability to pay a higher level of dividend.



 **Royal Insurance**

The final recommended dividend is 20.5p per share, making a total for the year of 31.0p, an increase of 20.4% over 1985.

The increased benefits now emerging are the result of the improvement strategies implemented in recent years. We anticipate further enhancement of profits deriving from these strategies in the remainder of the decade.

As an aid to the marketability of our shares, the Directors have decided to recommend a 1 for 1 capitalisation issue.

The Annual General Meeting will be held on Thursday 23rd April 1987 at 11.30 a.m. in the Insurance Hall of The Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY.

Please send me a copy of the Report and Accounts for the year ending December 31st 1986.

NAME _____

ADDRESS _____

To: The Secretary,
Royal Insurance plc, Group Head Office,
1 Cornhill, London EC3V 5QR.

Dwek still on track for £2.7m

Dwek Group, manufacturers and distributors of consumer products, made pre-tax profits of £960,000 (£130,000) for 1986 on a turnover of £19.71m (£14.37m).

This performance was in line with directors' expectations at the time of the acquisition of Symphony International which was completed in February. The figures exclude any contribution from Symphony but took into account 10 months trading for QA Furniture and Lewing,

acquired in March 1986.

Mr Maurice Dwek, the chairman, said that current trading was on track for pre-tax profits of £2.7m for 15 months period as forecast at the time of the £9.5m acquisition of Symphony, which was completed by the successful placing of some 5m Dwek's ordinary shares.

Tax charged was £398,000 (£12,000) and there was extraordinary profits of £2.54m (deficit of £63,000) arising from the disposal of the industrial division less acquisition expenses £262,000 (nil) and a profit of £22,000 arising on disposal of shares (nil).

A second interim of 2p has been declared making 3.5p to date and a final of 0.5p forecast, earnings per share per 12 months were 7.4p (1.7p).

Bellway rises 30% and buys Essex builder

By NIGEL CLARK

HELPED BY a substantial fall in interest charges following its £7.5m rights issue last year, Bellway, Newcastle upon Tyne-based housebuilder, reported interim pre-tax profits up by 30 per cent, despite a fall in turnover.

The company also announced yesterday that it is buying DFW Group, Essex-based private housebuilding company, for £49.98m. The consideration is to be satisfied by the issue of 2.25m ordinary shares.

Mr Alan Robson, finance director of Bellway, said the

company was a perfect fit with its plans in the area. Bellway had begun to build up a presence when the company became available and Golding would be absorbing the fledgling operation.

In the month to December 31 1986, Golding had pre-tax profits of £366,000 and net tangible assets at the end of the period of £590,000. At the moment borrowings stand at £5m.

The acquisition means that 50 per cent of Bellway's housing activities are in the south of England. The group has a policy of seeking further expansion in the south but has no further acquisitions in the pipeline.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total for last year
Amari	3.57	May 29	3.2	6.5	6.2
Bellway	—	—	—	—	7.5
Biphet	0.61	May 1	—	0.61	—
Blackwood Hodge	0.5	June 1	nil	1	12
British Printing	2.93	May 24	1.75	4	3
British Syphont	0.1	—	nil	0.1	nil
Boustead	2.5	May 26	0.5	3	1
Campari	1.9	June 2	—	2.7	1
CCA Galleries	2	April 2	—	3.51	3.5
Dwek	4.78	May 1	3.2	7	5.2
ESB Group	—	—	—	—	5.5
Essex Lightfoot	1.83	May 28	1.68	2.73	2.5
Ests & Gen	2.5	June 1	2.0	—	5
J. Halstead	3.57	May 29	2.85	4.92	4.1
Johnsen & Jorgt	7.2	May 29	6	10	8.1
Manders	3.9	July 1	3.5	7	6.4
Rugby Portland	4	—	3.3	6.5	5.5
Slough Estates	0.6	June 5	0.5	—	1.5
UDO Hedges	—	—	—	—	7.5
Dewey Warren	nil	—	7.5	nil	7.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ US\$ stock. § Unquoted stock. ¶ Total of 4p forecast for 15 months period.

In the six months to the end of January 1987 pre-tax profit came out at £1.73m (£1.22m) turnover £24.71m (£24.88m). Earnings per share were 5.2p (4.8p) and the interim dividend is unchanged at 3p.

Mr Robson said the turnover fall was not significant as it was affected by the incidence of completions and most of the sales were in the second half.

The continuing improvement at 50 per cent-owned Falkonorth Shiprepair resulted in share of related companies of £3,000 against a debit last time of £12,000.

That improvement was wiped out by there being no profits on the sale of investment properties against £168,000 last time. However interest charges, helped by lower borrowings and interest rates fell from £1.62m to £410,000.

The tax charge was £640,000 (£508,000).

WINGATE PROPERTY INVESTMENTS PUBLIC LIMITED COMPANY

(Incorporated in England with registered number 1563423)

INTRODUCTION TO THE STOCK EXCHANGE

Authorised	Number	Issued	Number
35,000,000	140,000,000	Ordinary shares of 25p each	18,773,023
			75,092,091

Using particulars relating to the introduction to the official list of 75,092,091 ordinary shares of 25p each of Wingate Property Investments Public Limited Company are available in the Excel Statistical Services and copies are available until 14 April, 1987 from:

Samuel Montagu & Co. Limited,
114 Old Broad Street,
London EC2P 2HY

and at the registered office of Wingate Property Investments Public Limited Company at 6 Hickley Place, London SW1W 0HL. Copies are also available from the Company Announcements Office, The Stock Exchange, London EC2P 2BT until 2 April, 1987.

31 March, 1987

FOR OUTSTANDING RESULTS,

National Westminster Bank PLC

1986

Pre-tax profits	£1,011m
Post-tax profits	£621m
Earnings per share	94p
Ordinary dividend per share	20.5p
Total assets	£83.3bn

PRESS FOR ACTION

In his statement to shareholders in the Group's Annual Report for 1986, Lord Boardman, Chairman of National Westminster Bank, said:

"Record profits in 1986 have again shown that the National Westminster Bank Group is one of the most successful banks in the world. The Group's consistent performance rests upon sound management of risk, good marketing of our services and firm control of costs.

"The United Kingdom enjoyed continuing economic growth in 1986. With the world economic growth projected for 1987, a more competitive exchange rate, and continuing low inflation, the conditions should be good for successful enterprise and more jobs.

"I believe the banks have responded positively to the changes in the world's financial markets and to the needs of British industry and commerce. Today, long-term money is readily available for the right projects and industry has a wider choice than ever before in the ways in which it raises funds.

"Major projects are important for the future of Britain; so, too, is a flourishing small business sector. Our support for such businesses now exceeds £7 billion.

"At the end of 1986 the Group employed 94,000 people, and their commitment and dedication to customer service is, above all, the basis of our success as one of the world's leading financial services groups. Our pre-eminent position is the result of the skill, professionalism, and hard work of the NatWest team at all levels."

In his review of the year's Operations, Philip W Willkinson, Group Chief Executive, comments:

1986 was an excellent year for the NatWest Group. The firm foundation for our success in 1986, and in over three centuries of banking experience, has been our commitment to provide a first class service. We know that our customers expect and deserve no less.

The NatWest way is to build long-term relationships with our customers. During the year we have continued to reshape our operations so that we can concentrate separate resources on different groups

of customers. This allows us to meet the increasingly sophisticated needs of business customers whilst improving further the quality of the service we offer to personal customers.

Throughout our substantial network of

branches in the United Kingdom we are continuing our effort to ensure that our customers come first, and that their needs are identified and met. This fundamental attitude to customer service is being adopted right across the NatWest Group.

Action for People

We now have five and a half million personal customers, an increase of 400,000 over the year. The introduction of 'Free If In Credit' banking enabled us to increase our business, particularly in the important young persons market, whose accounts are the seedcorn for the future. We gained a 41 per cent share of new students accounts.

Our retail banking strengths, together with our product range, give us a significant competitive advantage. We built on that advantage in 1986 by reorganising our approach to the personal sector, by improving the way we deliver services, and by enhancing our product range.

We are in the midst of a major programme designed to enhance professionalism and service. This involves re-designing our branches, emphasising the open-plan public space, with our staff having closer personal contact with customers.

Action for Small Businesses

In so many cases, our relationship with private individuals has grown into a business relationship.

The contribution small businesses can make to the British economy, and to employment, is well recognised, and we are proud to be known as the bank for small business. We regard our lending to small businesses as an investment for the future, and our commitment to the businesses of tomorrow is shown by our market leadership in providing support in start-up situations.

Action for Medium-Sized Companies

To build long term relationships with growing and successful companies, we are establishing a network of business centres in the United Kingdom. Within each business

centre there is a team of Accounts Executives who are the focal point for banker-customer relationships.

As companies develop, they often look abroad for new markets. The professional assistance offered by NatWest's world trade finance activities is helping companies reduce the costs and potential risks of international trading.

Action for Major Corporates

NatWest has a relationship with over three quarters of the largest 500 companies in the United Kingdom. We are determined to maintain and expand upon those relationships, and we have established a team of Senior Executives to do just that. They will marshal all the resources of the NatWest Group to provide a comprehensive financial service, drawing on our strengths in domestic banking, international banking and the Group's investment banking activities.

As a major international bank, we have strong links with many of the world's leading corporate institutions. Our record in international banking gives us a good foundation for the future.

We are represented in 37 countries, and we have a major presence in the leading financial centres of the world.

While NatWest is well placed to take advantage of the commercial banking business opportunities which exist in international finance, more and more multinational companies now look to the world's capital markets for solutions to their financial needs. By establishing NatWest Investment Bank on the existing base of County, we are ready to provide these solutions.

Action through our People

During 1986, the imaginative use of technology, together with our policy of streamlining working practices, enabled us to handle materially higher volume growth in our core businesses. We also moved strongly into new areas. As a result of the continuing expansion of the Group's business, the number of people employed increased by 2,000 to 94,000.

We make a major investment in recruiting and developing our people, so that they can reach their full potential, equipping them with the technical knowledge and skills needed to provide a truly professional service to our customers.

Action in the Community

NatWest plays an active part in the local community. By making a positive contribution to the

well-being and development of the community, we help to bring about an environment where our business, and the businesses of our customers, can flourish.

Through our day-to-day business activities we invest in the community, by helping our customers create wealth and jobs.

Much of our programme of community support is focused on the needs of the young and the disadvantaged, and on promoting enterprise and employment, particularly in the Inner Cities, where for many years we have supported official agencies and private sector initiatives with funds and the secondment of experienced managers. In 1986, we assisted over 5,500 organisations.

Press for Action

In 1986 our commitment to provide quality service, which has been our hallmark for three centuries, was given new expression by 'Press for Action'.

We realise that in the competitive world of financial services we shall maintain our leading position only if we continue to respond swiftly, efficiently and professionally, whenever and wherever our customers press for action.

That is why we shall follow through the major initiatives we undertook throughout the Group in 1986 to improve the quality of customer service. Press for Action is not just a slogan. It is a promise. All of us at NatWest are determined to keep that promise.

To obtain your copy of the NatWest Report & Accounts for 1986, please complete and return the coupon below.

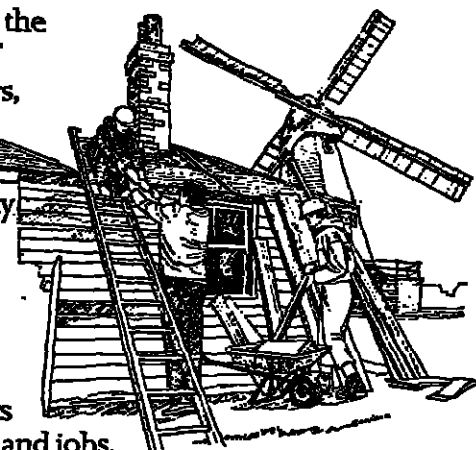
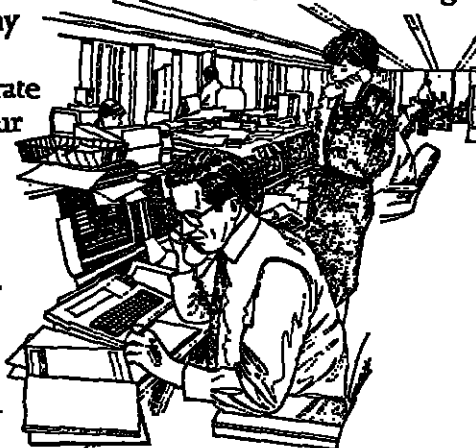
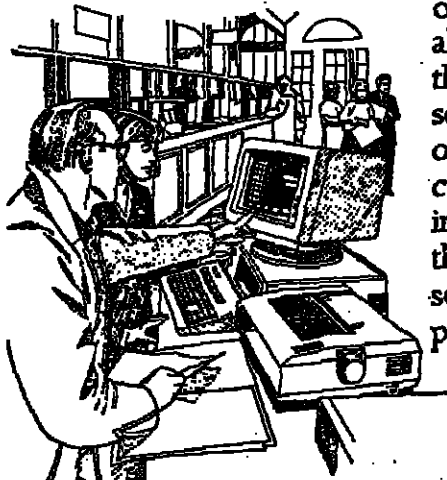
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NatWest Annual Report 1986.

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The Action Bank



UK COMPANY NEWS

Bass sells Pontins for £58m to former managers

Bass, brewing and hotel group, yesterday agreed the sale of its Pontins holiday camps to a consortium of former executives in a deal worth £57.5m.

Mr Trevor Hemmings and five other former Pontins directors, who left the company more than two years ago, along with a director from the Chase Manhattan bank, will form the board of the new company, called Pontins Limited. Chase Manhattan is understood to be the lead banker in the deal.

Mr Hemmings will be chairman and chief executive, with Mr Graham Farr, former managing director of the Warners holiday camps, as the new managing director.

Mr Brian Langton, chairman of Bass Hotels and holiday division, said last night that Bass

was "sorry to lose an established name such as Pontins but we feel the continued long-term development will be well served by the new company."

Mr Hemmings and his colleagues have been talking to Bass for some time about buying the 23 holiday camps and three caravan parks. A small company owned by Mr Hemmings and the others last year acquired two holiday camps from Pontins.

Mr Mike Austin, sales and marketing director for the new operation, said yesterday the company would continue the development of Pontins.

"We think the Pontins operation is running on the right lines but feel that it would be more profitable to be part of a smaller group rather than a larger company."

Holiday camps, or centres as

their operators prefer to call them, went through a lean time in the late 1970s and early 1980s as a result of poor facilities and little investment in refurbishment.

However, in recent years Rutlins, Pontins, and Warners have all invested heavily in updating the facilities to counter the "Hi-de-Hi" image created by the television series.

While Rutlins has traditionally concentrated on large holiday camps with 5,000 or more beds, Pontins camps are smaller with its largest camp having only 4,000 beds.

In addition, Pontins also has sought to exploit the special interest holiday packages.

Bass confirmed last night that the sale would not affect any consumers who had already booked holidays with Pontins this year.

Resignations at Aberdeen Steak

By Ralph Atkins

Two non-executive directors of Aberdeen Steak Houses have resigned.

Mr Stephen Cockburn and Mr William Spence say their resignations follow a High Court ruling that the company was underpaid staff. Both joined the board when the company was floated on the USM in August 1985, having received an assurance that there was no foundation to complaints by former employees about pay.

But in July the High Court ruled that Aberdeen had underpaid six members of staff in contravention of the Wages Council Act, which sets a legal minimum.

Earlier this month the company lost its appeal against that decision. The company may, however, appeal to a higher court.

"We relied on the assurance of the company that these claims were without foundation," said Mr Cockburn.

"We now feel that it is not appropriate to remain as directors."

He said the resignations, a week before the company announces its annual results, related to events prior to his appointment and that he was happy with the conduct of the company since.

"Nothing has been done of which we think the company should have the least bit to worry about," he said.

Last night no comment was available from Aberdeen Steak Houses.

Dewey Warren

With brokerage income falling from £3.5m to £2.65m, Dewey Warren Holdings incurred pre-tax losses of £367,000 in 1986, which compared with profits of £1.01m in the previous year. No dividend is being paid against 7.5p.

Clay Harris on Hawley's planned merger with BCA Agreeing to go under the hammer



Michael Ashcroft (left), chief of the Hawley Group, and David Wickins, who runs BCA

IF IT appears that Mr Michael Ashcroft and Mr David Wickins have kissed and made up after an 18-month estrangement, that may be because reports of their falling out were exaggerated.

"All those stories about a split or our having a row were just rubbish," Mr Wickins said yesterday after announcing that Hawley Car Auctions Group had agreed to be acquired by Mr Ashcroft's Hawley Group in a deal worth £182m.

"We went through a period of going our own way and sorting things out," Mr Wickins said.

The sorting out to be done was considerable as the two groups disentangled their joint holdings and bought and sold large minority stakes each had held in other companies.

But after the property settlement, it now appears that not just a reconciliation but a full-fledged marriage is on the cards.

The merger will create a diversified services group with stock market capitalisation of nearly £1.8bn. It will give Hawley a fourth major area of operations in cleaning and building services, food services and security.

For Mr Wickins, now 67, the merger will allow him to bring BCA into a larger group. The merger was announced that it was envisaged that Mr Wickins would run BCA which he founded in 1946, for three more years.

In many ways, the merger does mark the passing of the Hawley era. Mr Wickins, 41, was born a few months after Mr Wickins auctioned his first car—his own car.

"He has grown up with the business," Mr Wickins said yesterday.

Bringing a new sector into Hawley, and enjoying the confidence of Mr Ashcroft after a nine-year association, Mr Wickins will achieve the rare

distinction of being an outsider running a business after acquisition by Hawley. He also will be able to reassure BCA employees about their security.

The Hawley model is considerably different. Pritchard Services, the cleaner acquired in June last year, ceased to exist as an independent entity virtually from the moment the deal was completed.

Immediate review, disengagement and reorganisation with existing cleaning activities destroyed any comparability on which Hawley felt it could report to its shareholders.

Hawley executives privately describe the process, which BCA appears not to face, as "sunbathing" a company, but emphasise that this emotive word obscures the point that some managers and employees of the acquired company may actually be promoted.

Hawley sees BCA as another vehicle with which to expand into high cash-flow, low capital-employed businesses. BCA

joisties for market leadership in the US despite having only 14 auction sites, mainly in the Sunbelt states.

Ironically, BCA came within an ace last year of selling out to Cox Enterprises, which operates its biggest US rival, Mannheim.

Mr Wickins pulled out of the £50m deal in July after delays in completion allowed him to see a glimpse of the recovery coming in the US auctions market.

BCA will bring few, if any, immediate advantages to Hawley's existing businesses, although Mr Ashcroft foresees peripheral redeployment when auction facilities move to larger sites.

It was perhaps inevitable that the two businessmen, who share a similar history of wheeling and dealing in minority stakes in third companies as well as his bias towards expansion in the US, would get together in the end.

Both, moreover, have been on

the receiving end of more than their quota of City scepticism. Their temporary parting of the ways, in fact, reflected this pressure. They jointly concluded that each had detractors enough without having to absorb criticism reflected from the other.

As a result, BCA sold its 46 per cent stake in Midpeps, the Canadian-based company which it and Hawley used for joint investments. Hawley bought 29.9 per cent of Attwoods, most of BCA's stake in the waste handling company.

For its part, BCA raised its holding in First Security, the motor components and security systems group, to 37 per cent by buying the stake owned by Midpeps, now renamed Henlys.

Hawley has since reshuffled its holdings again, transferring the Attwoods stake among others, to Henlys. Hawley is in the process of reducing its stake in Henlys, now its only associate company, to 35 per cent.

Proud of the "simplification" he has achieved in the last few years, Mr Ashcroft is unlikely to want Hawley's structure—or image—to get muddled. There must be a question therefore about the long-term status of BCA's stake in First Security.

Once a seller, always a seller. Despite BCA's strong recommendation of the offer, it is not impossible for a higher bid—perhaps even from Cox—to be launched.

Having raised Hawley's stake to 14.8 per cent with market purchases in the past week, and promising at least to double its dividend in 1987, Mr Ashcroft is unlikely to let his prize go.

If Hawley cannot carry off BCA, it is likely to raise its holding to the point where it (with the help of old friends) can make life difficult for any rival.

Microsystems improves its offer for AI

By Ralph Atkins

Microsystems Group has announced a revised offer for AI, the private electronics company.

The new offer, recommended by the AI board, takes into account the sharp rise from 250p to 280p in Microsystems Group's share price since its acquisition was launched in January.

The new offer is seven new shares and 197p in cash for every 13 AI shares. There is also a cash alternative of 150p for each share.

Full acceptance of the offer will involve issuing 2.68m shares, representing 19 per cent of the enlarged share capital, and £371,384 cash.

So far, Microsystems has received irrevocable undertakings to accept from shareholders representing 93.5 per cent of issued shares and 70 per cent of outstanding stock.

NatWest reveals loan details

By Hugo Dixon

National Westminster Bank, Britain's largest bank, had \$808m and \$544m in loans outstanding to Mexico and Brazil respectively at the end of last year, according to figures published in its annual report yesterday.

This is the first time NatWest has released precise figures on its lending to individual

rescheduling countries. It is only obliged to reveal loans if they exceed 1 per cent of the bank's assets of \$83bn, and the loans to Mexico and Brazil are less than 0.75 per cent.

The bank's total exposure to countries which have been subject to rescheduling agreements is 3.5 per cent of its assets, excluding acceptances.

Halstead interim profits up

James Halstead, investment holding company with interests in floor coverings, weatherproof and leisure clothing, trailers, etc, has produced pre-tax profits of £2.30m (£1.8m) for the six months to December 31 1986.

Turnover for the period was £20.2m (£18m); tax charged was £734,000 (£728,000) leaving £1.51m (£1.08m). Stated earnings per 10p share were 10.51p (7.57p) and an interim dividend of 2.5p (2p) has been declared.

Trading has continued to

improve and the result for the year should show further profit growth, the directors state.

The Second Market Investment Company has reported a net asset value at the end of 1986 of 202.1p per ordinary share, 68 per cent higher than 1985's figure of 124p.

The company plans a 25.63p rights issue to enable it to take advantage of the premium of the Second Market in France.

42 Years of Profit Growth

	1986	1985	Increase
Profit before tax	£49.6m	£39.5m	+25.6%
Profit attributable to shareholders	£36.7m	£28.8m	+27.4%
Earnings per share	13.80p	11.65p	+18.4%
Dividend per share	6.5p	5.5p	+18.2%
Assets per share	228p	211p	+8.1%

Chairman, Sir Nigel Mobbs, commenting on the 1986 results said:

"1986 was a good year for the company with increased development activity in all countries in which we operate."

"During the year we acquired 52.2% of Bredero Properties for £15.7m and have established forward development programmes amounting to £135m in the UK and £90m overseas."

"A total of 1.9 million square feet of industrial, retail and office space was completed during the year, £49.3m was spent on acquiring projects for future development and 1.5 million square feet was under construction at the year end."

"An external appraisal of investment properties, on an open market basis, was carried out as at 30th September 1986. The value of properties as at 31st December 1986 including post valuation additions at cost amounted to £851.3m."

"Our strategic aim continues to be expansion and enhancement of our industrial property, investment and development activities, as well as widening our portfolio with the addition of new offices, retail and retail warehouse park projects."

"We will continue to improve the quality of our revenue producing portfolio by positive estate management and modernisation of older buildings."

"During 1986 we continued to invest heavily in the future of the company. We have acquired new development opportunities, modernised much of the portfolio, forged new investment alliances and sold low-performing assets."

"We have the right properties in areas of buoyant demand and investment attraction and are strongly and conservatively financed. We therefore look to 1987 with confidence."

One of Britain's leading international property companies

To obtain a copy of the 1986 Preliminary Announcement and the 1986 Annual Report, to be published in April, please write to the Secretary, Slough Estates plc, 294 Bath Road, Slough SL1 4BB

SLOUGH ESTATES

Macallan-Glenlivet

Pre-tax profits at Macallan-Glenlivet, distiller, rose from £718,000 to £1.16m in 1986. The total dividend was £1.16m.

The company's earnings rose from 3.34p to 3.84p net with a final 2.84p. Earnings per share improved from 10.87p to 16.92p.

The directors said the results had been achieved through the continuing growth in sales of The Macallan, the company's single malt whisky brand, as well as an increase in new fillings orders.

The decline in prices of energy and a material drop in interest charges—down from £287,000 to £44,000—also contributed to the result.

Group turnover for the year was £6.97m compared with £5.02m, and operating profits were £1.58m (£1.38m) after changing leasing rentals, £172,000 (same), and depreciation up from £266,000 to £295,000.

Evered

Evered Holdings, the acquisitive industrial conglomerate headed by the Abdullah brothers which last week launched a £99m bid for London and Northern, yesterday announced that it has purchased a further 1.12 per cent stake in its target.

The latest share purchase was made by Evered's advisors, Robert Fleming, which is acting in concert with the company. It takes the total Evered holding to 26.31 per cent.

NORTH OF SCOTLAND Investment Trust: Net asset value per ordinary share 25.49p at February 28 1987. Revenue for six months to end-February £41,568 before tax of £12,100. Earnings per share 0.25p.

Grindlays Eurofinance B.V.

U.S. \$100,000,000

Guaranteed Floating Rate Notes 1992

Guaranteed on a subordinated basis by



Grindlays Bank p.l.c.

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 31st March, 1987 to 30th September, 1987 the Notes will bear interest at the rate of 6 1/4% per annum. The Coupon Amount per U.S. \$100,000 Note will be U.S. \$6,250.00 and the Coupon Amount per U.S. \$10,000 Note will be U.S. \$625.12. The Interest Payment Date will be 30th September, 1987.

Agent Bank Samuel Montagu & Co. Limited

British Gas

British Gas said it repaid a £750m debt to the government, the first tranche of £250m unsecured debentures issued as part of the process of privatisation last year.

The repayment of the funds for the year to end-March was in line with details given in the prospectus last year.

In the year to end-March 1987, British Gas will pay back a further £250m followed by £490m in both 1988/89 and 1989/90, and the remainder in equal instalments of £350m over the following two years.

We are pleased to announce that our firm has been elected a member of the

London Stock Exchange

and will provide multi-currency clearing and international settlement services

Pershing Keen & Co. Limited

Basildon House, 7-11 Moorgate
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March 31, 1987

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Bank of Montreal

(A Canadian Chartered Bank)

\$100,000,000

Floating Rate Deposit Notes due 1994

Notice is hereby given that the Rate of Interest for the three month period 30th March, 1987 to 30th June, 1987 has been fixed at 10 1/4% per cent. The amount payable on 30th June, 1987 will be \$126.82 per \$100,000 Deposit Note and \$12,682.15 per \$100,000 Deposit Note.

Morgan Guaranty Trust Company of New York
London

مكتبة الأصيل

UK COMPANY NEWS

Rugby Cement advances by 62%

Rugby Portland Cement continued its strong first half recovery and exceeded market forecasts with record year-end profits up 62 per cent to £25.48m after a strong performance from John Carr and better profits from the UK cement division.

Turnover rose more than 24 per cent from £252.15m to £313.82m, while earnings per share increased by 17.5 per cent from 12.7p to a new high of 16.1p. Directors have recommended a final dividend of 3.9p (8.5p) making 7p for the year, compared with 1985's figure of 6.4p.

Mr G. A. Higham, chairman, said that in the UK Rugby Cement benefited from increased volume and cost reduction exercises but was adversely affected by the cost of further redundancies. There had been a modest increase in the demand for cement.

The division's profits rose from £8.88m to £16.45m. The jointery division's trading profit rose from £3.74m to

£10.47m. John Carr, the jointery manufacturer acquired in June 1985, benefited from strong organic growth. Its new subsidiary, Rothervale Jointery Ltd, made a small contribution after restructuring costs, while Rom continued its steady progress.

Steel construction products produced profits of £1.58m, compared with 1985's figure of £1.18m.

Overseas trading profits fell from £7.95m to £7.4m, with cement and lime at £4.4m (£5.8m), millwork at £2.13m (£1.57m) and the hotel division at £378,000 (£796,000).

Related companies suffered from the severe price competition in US cement markets, contributing £2.58m compared with £3.1m last year.

Taxation returned to a more normal level, taking £12.07m, more than three times the £4.1m charge in 1985. Minorities took £244,000 (£460,000). Interest charges rose from £2.82m to £3m. Despite the £27m cash

expenditure on company acquisitions and existing borrowings of \$8m, group net borrowings were only £2m higher than the previous year, said Mr Higham.

Rugby Cement was well prepared to operate now that the UK cement manufacturers had ended their 53-year-old Common Price and Marketing Arrangements since the end of the year, said Mr Higham.

The hotel companies in Western Australia had agreed to sell the Pamela Hotel for A\$31.5m (£13.5m), some £7m more than its book value as at December 1985.

The company plans to change its name to the Rugby Group.

Rugby's request to shareholders to drop the Portland Cement from its title is significant. The group's efforts over the past two years to diversify from the slow growing, competitive cement business to more attractive parts of the

building sector have rapidly brought it to the point where in 1987 cement may be only half the total. But the transformation could not have been without making the cement business an efficient cash generator.

Acquisitions totalling £110m since autumn 1984 have left the balance sheet unimpaired. In 1987 the John Carr jointery business, will show its paces, aided by the Rothervale purchase, and the US equivalent, also added to in 1986, will improve its margins.

UK cement profits may not rise, despite good volume growth, following the break-up of the cartel and in Australia work has to be done to tackle problems similar to those now solved in the UK. Since the 1986 figures best expectations, the tendency is to increase forecasts for 1987, and 1988 pre-tax now looks a minimum. Even so with the shares down only 1p to 240p yesterday, despite the market, the prospective p/e of 13.3 gives little away.

Acorn swings back into profit

DESPITE HEAVY expenditure on new product launches and continuing investment in future product creation and advanced research and development, the Acorn Computer Group swung from losses of £2.94m to profits of £1.03m pre-tax in 1986.

The release of foreign currency reserves, treated as an extraordinary credit, lifted the retained balance for the year to £2.2m.

Mr Bruno Soggiu, Acorn's chairman, warned, however, that the improved results did not mean there was room for complacency.

He said the purpose of the investment in new and innovative technology was to secure long-term profitability.

Current products were selling well and Mr Soggiu expected them to continue to provide a solid base to Acorn's activities.

Acorn's shares are traded on the USM. The company is a subsidiary of Olivetti International.

Recovery is under way but this Acorn has a long way to go before it becomes a mighty oak. A nice little exceptional item, the share price, however, is palatable than might have been the case; it is obvious that sales of the Master Compact have been disappointing. For the first half, despite more sales as an original equipment manufacturer (OEM in the jargon), progress is likely to be static and hopes are pinned on the launch of the 32-bit RISC in the second period. That seems also likely to trigger a rights issue, which will push down the Olivetti stake from 79 per cent and open up an extremely limited market. Assuming that pre-tax profits hit £2.75m this year, and with tax losses amounting to around £17.18m, the shares at 63p, down 6p yesterday, are on a prospective p/e of 15. That seems to discount fully the medium term recovery prospects.

Nick Garnett on Hawker's acquisition policy

A love affair with the US

Hawker Siddeley's £18.1m purchase, announced yesterday of US-based Modutec, marks another small step in the partial transformation of the UK electrical and mechanical engineering group.

The US company manufacturer analogue and digital panel meters, used in process control and power distribution.

During the past two years Hawker Siddeley has purchased 17 companies, all but four of them in the US and largely concentrated in electronic controls and instrumentation.

Many of the purchases — mainly in technologies and sectors with which Hawker is familiar — were relatively small. A half of the US buys had purchase tags of \$10m or less.

But the outlay so far of around \$215m clearly indicates two of the strands in Hawker's strategy since Mr Bob Bensly took over as managing director in March 1984 a group widely perceived to have lost its way in the late 1970s.

One of those strands is the choice of controls, instrumentation and cables as the main growth area for Hawker given the lack of buoyancy in the low-volume bus and truck diesel engine maker, Crompton Electrical Cars, which makes milk

formers and switchgear. Many of the purchases were in areas related to power generation and rail systems though the largest purchase — \$65m for Power Conversion — added to Hawker's battery interests by giving it a large US lithium battery maker.

The other is the new love affair with the US, partly because of the greater opportunities there for finding likely acquisitions and because of the growth potential offered by the markets in which some of the purchases operate.

That thinking was already in play towards the end of 1984 when Hawker bought 40 per cent of Safetran, a US manufacturer of railway signalling equipment and level crossings.

However Hawker, which is expected to announce slightly lower yearly profits next month of between £150m and £155m, appears to be changing its operations on three other fronts.

Firstly, it has been disposing of companies making low returns or not perceived as part of core activities. In the past two years or so Hawker has sold 12 Gardner, a low-volume bus and truck diesel engine maker, Crompton Electrical Cars, which makes milk

boats, and Opperman Gears and has shut down Electrical Construction, which produced small generators. Earlier this month it put up for sale its Trenton rail rolling stock company in Canada.

Secondly, it has been reorganising some of its UK businesses. Lister and Petter, makers of very small diesels, were merged and earlier this month Hawker announced that it was combining the marketing and some of the manufacturing of its Oldham and Crompton battery subsidiaries. Its Tungstone battery operations are likely to be put into this grouping soon.

Finally, it has continued to say that it was committed to its core businesses in the UK. The diesel industry believes Hawker would be willing to sell Lister-Petter but that company, under new local management, has been developing a new range of water cooled engines to try and claw back some of the market share it has lost to companies like Kubota and Yanmar of Japan.

Hawker is also negotiating to buy Newman, a manufacturer of small electric motors which Hawker says would add to its product range and technology.

Bipol tops forecast and has strong cash balance

Bipol Group, West Midlands engineer, has beaten the profits forecast it made last June at the time of its entry to the USM.

For the year to end-December 1986, profits rose to £1.26m pre-tax. That was an improvement of 30 per cent over the previous year's £974,000 and £113,650 ahead of the prospectus forecast.

As promised, shareholders are to receive a dividend of 0.6125p net per 5p share. The directors said yesterday that the group's cash position had remained strong. They added that year-end cash balances of £2.53m provided a firm base for expansion.

Group turnover for 1986 totalled £5.9m (£5.44m) and included a full 12 months for ID Packaging and 10 months for Carrington Packaging.

Tax accounted for £393,000 (£358,000) to leave the available balance £255,000 higher at £271,000.

Earnings worked through at 4.51p compared with a previous 3.35p.

It was pointed out that the first orders for the new Bipol Tiltmaster micro processor had been received from both West Germany and the UK, and that the overall level of enquiries remained encouraging.

The Bipol Group was formed in 1981 through a management buyout of Turner & Newall's engineering division.

EBC moves ahead after eliminating loss-makers

PRE-TAX profits at EBC, the Exeter-based group which provides management services to the construction group, rose from £1.12m to £1.32m in 1986.

The directors said good contributions were made from the company's building contracting activities, and its companies moved into 1987 with sound order books.

In a restructured specialist division, EBC has eliminated three non-contributing companies by firm action, with a compensating profit on sale of their plant assets.

The three discontinued activities, with turnover of £4.34m, incurred trading losses of £344,000 in 1986 and £514,000 on turnover of £8.68m in 1985. A total of £413,000 previously

written off, was brought back into profit as a result of the sale of scaffolding materials.

External group turnover was down from £56.17m to £51.44m. Tax took £423,000 against £401,000, and there was an extraordinary credit this time of £71,000.

The final dividend is effectively raised from 3.6p to 4.79p net for an increased total of 7p (5.2p adjusted) — dividends absorbed £241,000 against £278,000. Retained profits came out at £628,000 compared with £444,000.

There was an increase from £5.01m to £6.77m in shareholders' funds. Stated earnings per 50p share of this USM company improved from 15.9p to 18.9p.

Interlink expansion in US

BY LYNTON McLEAN

Interlink Express, the parcel delivery company which joined the United Securities Market in October with a market capitalisation of more than £25m, is considering a future purchase of a small US parcels company, as a first step in the possible formation of a nationwide franchise parcels operation in the US.

Interlink Express has instructed a US consultancy, Francorp, to do research into US franchise law over the next four to five months, as a prelude to a possible company acquisition.

Mr Richard Gabriel, the chairman and managing director of Interlink Express, said yesterday (Monday) the company had "nobody in mind and there was no way, no remote suggestion that we are to make an offer for Parcelator Courier corporation of the US."

"I don't see how we would be in a position to make a bid for the corporation. This would be almost impossible. The sum of money needed is too big and finding the money in the timescale would be difficult."

Mr Gabriel said, Interlink Express has had no talks with Parcelator Courier.

Campari returns to profit and plans £2.3m rights

AFTER INCURRING losses in each of the previous three years, Campari International has swung back into the black with pre-tax profits of £1.78m for the year to November 30 1986. The recovery started in the second half of the previous year, and continued throughout the next 12 months. At halfway its losses were greatly reduced from £1.2m to just £55,000.

Losses in the previous 12 months totalled £484,000.

This importer and distributor of leisure camping and boating equipment, is now proposing a one-for-six rights issue to raise £2.3m net. A total of 1,452,243 new ordinary shares at 20p will be offered at a price of 170p, payable in full on acceptance.

The new ordinary shares will not rank for the final dividend in respect of the year to November 30 1986, but they will, when fully paid, rank pari passu in all other respects with the existing issued ordinary shares.

Irrevocable commitments to take up entitlements have been received in respect of £32,729 (44.2 per cent) of the new ordinary. The remainder has been underwritten by Arthurnot Latham Bank, Stockbrokers to the issue as Earnshaw Haes & Sons.

The final dividend is raised from 0.5p to 2.5p for a total of 3p net (1p). Stated earnings per 20p share were 19.5p (6.17p loss) on a net basis, and 20.63p (5.81p loss) on a nil basis.

Group turnover rose from £49.82m to £53.82m. Operating profits by division: UK paint and printing ink £2.42m (£1.71m); overseas printing ink £808,000 (£357,000), and property £2.55m (£2.08m). Interest took £889,000 (£137,000 received), and there was an exceptional credit this time of £178,000.

Manders 18% up to record £5.1m

HIGHER SALES and improved productivity enabled Manders (Holdings) to report record pre-tax profits — up 18 per cent from £4.3m to £5.1m — in 1986. The final dividend is raised from 6p to 7.2p for a total of 10p net, against 8.1p an increase of 23.5 per cent. Stated earnings per share improved from 17.9p to 20.6p.

The major source of the increased profits came from the UK decorative division.

Group turnover rose from £49.82m to £53.82m. Operating profits by division: UK paint and printing ink £2.42m (£1.71m); overseas printing ink £808,000 (£357,000), and property £2.55m (£2.08m). Interest took £889,000 (£137,000 received), and there was an exceptional credit this time of £178,000.

Boustead back in profit as second half recovers

Boustead, a financial holding company with operations in the UK, Singapore and Brunel, is back in the black after incurring losses since 1982. There is also a return to the dividend list with 0.1p.

After another poor first half of 1986, the second six months saw a sharp turnaround with an improvement of £549,000 so that the full year's results showed a pre-tax profit of £380,000 compared with the loss of £3.12m for 1985, after allowing for exceptional items of £184,000 which arose from company restructuring.

Boustead has been selling loss-making operations and reorganising other sectors. There is still more to come. Mr R. T. Macpherson, the chairman, said: "I firmly believe that results in the current year will show a significant improvement."

Changes of personnel at the top both in UK and Singapore have been effected and there is further strengthening of the board planned with intended appointments of Mr Robin Bailey, of Standard Chartered,

and R. J. Aikman of Rio Tinto-Zinc to the board.

About one-third of Boustead's operations can be attributed mainly to light engineering in the UK and the remainder from Brunel (motor trading) and Singapore, where it is heavily involved in service industries such as transportation, servicing of shipping, travel and travellers cheques.

Turnover last year was £38.85m (£45.19m) and group operating profit was £384,000 (loss of £587,000). Exceptional items took £184,000 (£2.29m); investment income was down at £238,000 (£863,000); interest payable was £539,000 (£1.15m) and share of profits of associated companies was £181,000 (£249,000).

Tax took £212,000 (£72,000) and minorities £26,000 (£1.37m credit) leaving profits of £142,000 (loss £1.52m). The corresponding figures for 1985 have been restated to take account of the deconsolidation of Boustead Davis (Metal Brokers).

Earnings per share were 0.38p (loss 5.12p).

PRESIDENT'S STATEMENT 1987

"1986 was a year of steady growth for your Society. Assets increased by £495m to £4,417m. Of greater significance was the £34m which was transferred to the general reserve, increasing the ratio to 4.2%."

"The level of reserves has become increasingly important as societies extend their activities under the powers available in the new legislation and is now of much greater significance than the traditional measure of performance relating to asset growth."

CUSTOMER SERVICE

"We have already identified the need to invest significantly in technology to ensure the continuation of a quality service. With a view to meeting the additional demands, a new computer centre is being developed which will be capable of servicing the Society's needs for many years ahead. The project is well under way and is intended to become fully operational during the Summer of 1987."

SAVINGS AND INVESTMENTS

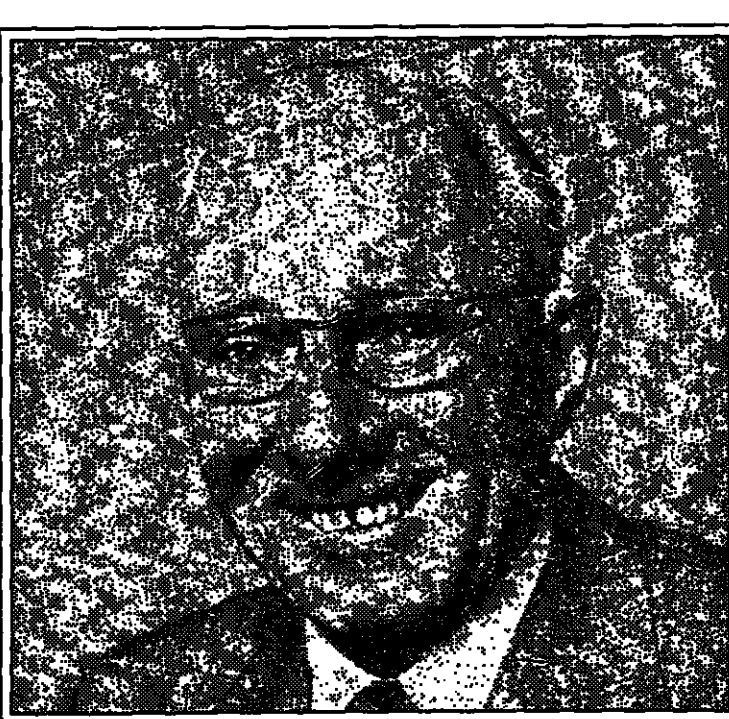
"During the year, the Society improved the terms on a number of investment accounts and in so doing, remained competitive in the personal savings market."

"We are committed to providing products and services designed to satisfy the changing needs of our members. We will, therefore, continue to develop our range of investment and savings products to match the requirements of our current and future members."

LENDING

"The Society continued to provide substantial mortgage funds, and £874m was advanced during the year."

"In addition to concentrating on our traditional lending for house purchase, we will be providing two new types of loan, one solely for home improvement purposes and the other for private purposes."



"A new range of services will make a positive contribution to the strength and security of your Society."

PERSONAL EQUITY PLANS (PEPs)

"The Society welcomes the Government's promotion of individual share ownership."

"We have responded by successfully launching our MarketMaster PEP '87 with the aim of providing capital growth. The funds are invested by James Capel & Co., a leading firm of stockbrokers, in a range of shares of well-known 'blue chip' public quoted companies."

BUDGET

"It is to be hoped that in the next Budget, Stamp Duty will be removed from house purchase."

Highlights from the report given by the President, Robert T. Gardner, CBE, FCSI, CBMA, to members of Bradford & Bingley Building Society for the year ended 31st December 1986.

BRADFORD & BINGLEY
BRADFORD & BINGLEY BUILDING SOCIETY, CHIEF OFFICE: BINGLEY, WEST YORKSHIRE, BD63JW.
A Member of the Building Societies Association

Ferguson Industrial Holdings PLC
has acquired



Berisfords Group plc

The undersigned acted as financial advisers to Ferguson Industrial Holdings PLC in this transaction



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Corporate Finance Division
131 Finsbury Pavement, Moorgate, London EC2A 1AY.
01-628 9876

Albright & Wilson 1986 results

	£million	1986	1985
Sales		651.7	642.4
Trading profit		45.6	41.3
Capital expenditure		32.6	43.0
Net capital employed (end of year)		289.4	289.3
Return on capital (average)		15.8%	14.8%
Number of employees (end of year)		6,600	6,750

The above figures and the notes below relate to the Group managed by Albright & Wilson, including companies owned directly by Tenneco.

UK profits improved, mainly because of lower raw material prices.

Sales in Europe (excluding UK) increased by almost £40 million and accounted for 35% of the total.

Exports represented over 40% of UK production. Exports to some developing countries were affected by their shortages of foreign currency.

Overseas companies continued to account for most of the Group's profit with a decline in Canada offset by improvements in the rest of the World.

1986 results include a full year's contribution from the US operations of Albright & Wilson Inc. acquired in May 1985.

Albright & Wilson makes chemicals and related products in many countries and trades throughout the world.

Its principal product areas are phosphorus chemicals, surfactants and paper industry chemicals.

It is a major supplier to many industries including detergents, toiletries, pulp and paper production, metal finishing, food, agro-chemicals and textiles.

It is a wholly-owned subsidiary of Tenneco Inc., a diversified energy company with its headquarters in Houston, Texas.



Albright & Wilson is a Tenneco company

Copies of the Albright & Wilson Review of the Year may be obtained from the Corporate Public Relations Department at the address below.



ALBRIGHT & WILSON LTD
International in Chemicals
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This announcement appears as a matter of record only.

TELERATE THE FINANCIAL INFORMATION NETWORK

Following the recent announcement of Telerate's purchase of the Associated Press and Dow Jones interests in the AP-DJ/Telerate Partnership, all business previously traded under the name of The Interfinet Group will now be traded as The "Telerate" Group.

INTERFINET (U.K.) LIMITED IS NOW TRADING AS TELERATE (U.K.) LIMITED.

INTERFINET SERVICES LIMITED IS NOW TRADING AS TELERATE SERVICES LIMITED.

INTERFINET (TECHNICAL SERVICES) LIMITED IS NOW TRADING AS TELERATE (TECHNICAL SERVICES) LIMITED.

ALL OTHER COMMERCIAL ARRANGEMENTS WILL REMAIN THE SAME.



12-15 Fetter Lane, London EC4A 3BR. Telephone: 01-583 0044. Telex: 943117. Facsimile: 01-583 1837.

UK COMPANY NEWS

Blackwood Hodge profits rise 23% to £8.8m

At £8.8m pre-tax profits of Blackwood Hodge, the earth-moving and mining equipment company, were just short of best hopes but showed a 23 per cent improvement over 1985's £7.2m.

Profit growth would have been even better, said the chairman, Mr Arthur Richards, if certain overseas currencies had not weakened against sterling during the year.

Mr Kenneth Scobie, managing director, reported that turnover and operating profit of overseas companies improved by 25 per cent and 20 per cent respectively in local currency terms whereas the main operating subsidiary in the UK experienced a reduction in sales and profits due to a downturn in the market for its products.

Plans to increase sales of both parts and service were showing promising results he said. These two activities which represented approximately 50 per cent of turnover were vital contributors to the group's long term profitability.

In the UK domestic turnover increased to £37m of which £4.6m was accounted for by Talbot Diesels, acquired in November 1985. Export activity was well down with a 30 per cent fall in sales to £18.7m. These factors caused a reduction of 38 per cent from £2.9m to £1.9m in the UK operating profit.

The Australian company, Mr Scobie continued, enjoyed another successful year with, in local currency terms, turnover improved by 30 per cent and operating profits by 19 per cent — to real terms operating profits were down from £3.04m to £3.03m.

On the same basis, Canada increased turnover by 25 per cent and operating profits by 32 per cent — up from £3.52m to £4.5m actual — while African subsidiaries' turnover showed a 16 per cent improvement and operating profits increased by 6 per cent — although down from £3.10m to £2.69m actual.

The Rest of the World performed well with turnover and profits up by 25 per cent and 28 per cent respectively in local currencies. The improvement in operating profit here was from £839,000 to £1.23m.

Total group turnover in 1986, some 73 per cent of which came from overseas activities, amounted to £204m (£188m) while operating profit was down from £13.18m to £12.76m after an increase from £14.5m to £15.1m in cost of sales and a slight rise from £40m to £41m in administrative expenses. Investment income was £1.68m (£1.72m) while interest payable was down from £7.74m to £5.61m.

UK tax was up from £39,000 to £363,000 and overseas from £1.13m to £1.45m; minority

interests took £888,000 (£517,000). Stated earnings per share, adjusted for the August 1986 two-for-five rights issue were 6.18p (5.56p). As forecast the £1 dividend is 0.5p making 1p (nil).

comment

If there's one thing worse than paying tax it is having to write-off allowable expenditures because one is not earning or paying out enough to cover them, taken together with a £2.1m negative currency effect is the sad fate of Blackwood Hodge. The present UK construction boom has not benefited the company which depends on heavy earth moving jobs rather than the lighter end of building activity. Acting as a distributor of other company's products has its advantages — Japanese manufacturers are happy to have Blackwood holding their inventory at risk — but no interest charge in order to show better sales than would otherwise be the case. However, this is a short-term expedient and Blackwood's problem is the lack of a solid UK earnings stream, for tax and other purposes. Forecasts of £104m produce a fully diluted prospective multiple of 8 at 52p. This rating suggests that only a private company might take the paper and with 75 per cent gearing that's really all Blackwood has to bargain with.

Emess hits £4.3m and sees further progress

Emess Lighting, which last year spent its battle to take over Rotaflex but which last month won acceptance for its £42m offer for Tenby Industries, yesterday revealed that its 1986 profits had risen from £3.35m to £4.31m at the pre-tax level.

The directors said the current year had started buoyantly. They anticipated a significant increase in decorative lighting profits and good progress from the commercial side.

Turnover for 1986 pushed ahead from £30.68m to £38.15m. After tax of £1.5m (£1.36m) earnings worked through 4.4p ahead at 18.6p.

A final dividend of 4p raises the total from 5.5p to 6.3p net on the enlarged share capital. Both the dividend and earnings were ahead of the forecast made by the group last April.

The directors said the outlook for the decorative lighting side was buoyant and that they anticipated a significant increase in the division's profits for 1987.

On the commercial lighting side, the Marlin offshoot improved its margins to 13 per cent, reflecting improved manufacturing efficiency together with initial benefits of an improved product portfolio.

They added that following

consolidation of Tenby Industries, Emess' net assets would increase by 50 per cent to £22m.

comment

Having been battered when the group failed to take over Rotaflex, shares in Emess have bounced up following the Tenby purchase, which still has £12m of useable tax losses. Although yesterday's figures were no surprise, as they matched the forecast made during the Rotaflex bid, the shares now stand at 394p, 100p above their January level. Mr Meyer tries to make the best of even his worst moments — he has lured a Rotaflex executive to take over Marlin, the lighting group which has so far been slow to respond to treatment since it was first bought in 1985. That should reap some benefits and adding to Tenby puts the pre-tax profit target for this year at around £8m. The new strategy will be to concentrate on the potential linkage between electrical accessories and lighting and to play down some of the peripheral activities like the distribution of a maintenance and repair subsidiary of Zygol Dynamics, to Thorn EMI for £1.3m.

In the half year ended September 1986, Zygol reported pre-tax profits of £208,000 compared with a loss of £77,000 in the same period in 1985.

Zygol Dynamics acquires Base-Sys in £3.5m deal

BY RALPH ATKINS

Zygol Dynamics, the USM quoted computer products company, is acquiring the Base-Sys Group for £3.5m. Base-Sys' main activity is operating a motor insurance software package.

Shares in Zygol Dynamics were suspended at 89p yesterday until this morning at the company's request, when shareholders should receive a circular about the deal.

The acquisition is being financed by the issue of 4.18m new shares in Zygol, or 45.5 per cent of the enlarged share capital.

Of the new shares, 1.2m will be brought to the market via a vendor placing. The remainder will be issued to the three shareholders of Base-Sys, an unquoted public company.

Two Base-Sys directors, Mr Bryan Fry and Mr Ric Palmer, will join the board of Zygol. Mr Jonathan Firth, Zygol's

finance director, said the acquisition will add software skills to Zygol's hardware expertise. In the eight months to December, Base-Sys made an operating profit of £208,000 on turnover of £598,000. Pre-tax profits of not less than £365,000 are forecast for the year to April, 1987.

The acquisition follows the sale, in January, of Zygol Services, a maintenance and repair subsidiary of Zygol Dynamics, to Thorn EMI for £1.3m.

In the half year ended September 1986, Zygol reported pre-tax profits of £208,000 compared with a loss of £77,000 in the same period in 1985.

Johnsen & Jorgensen's record £1.3m

Johnsen & Jorgensen Packaging, the USM quoted manufacturer of plastic and glass containers, reported record results for 1986 with pre-tax profits rising from £1.13m to £1.31m.

Mr John Jorgensen, the chairman, said that the outlook for the packaging businesses was encouraging.

The chairman pointed out that in March this year the plastics company leased a new 50,000 sq ft factory in the Corby development zone to provide for expansion and which is scheduled to become operative towards the end of the year.

Turnover in 1986 was up from £13.25m to £14.3m; tax took £497,000 (£324,000) leaving attributable profits of £774,000 (£578,000).

Stated earnings per share were 11.78p (8.79p). The dividend goes up from 4.1p to 4.3p via a final of 3.57p (2.85p).

Weather holds back UDO

ALTHOUGH making good progress in the six months to January 21 1987 — pre-tax profits rose by 16 per cent from £1.21m to £1.41m — Mr Terry Rutter, chairman of UDO Holdings, said that the results reflected some temporary disappointment.

He said that, in common with many other businesses, turnover was badly affected by the severe weather in January. Turnover of this supplier of drawing office equipment and provider of specialist reprographic services, rose from £9.7m to £12.21m. The interim dividend is raised from an adjusted 0.5p to 0.6p, and stated earnings per 10p share improved by 22 per cent from 3.6p to 4.4p.

Mr Rutter said the company was continuing its policy of diversification, both to expand and reduce dependency on any one sector. To this end, it had launched its new Stiepan division which specialised in providing a fast and efficient reprographic service to building sites across the country.

Lower metal prices hit Amari results

Amari, metals and plastics stockholding and distribution group, reported a fall of 18 per cent in pre-tax profits for 1986. Lower metal prices and increased finance charges, resulting from acquisitions, were blamed.

Turnover improved from £180.47m to £178.1m but profits fell from £7.24m to £6.07m. Earnings per share fell by 5p to 11.1p.

However Mr Michael Ward Thomas, chairman, said to underline the group's confidence in the future the directors were proposing to increase the final payment to 3.5p (3.2p), making a total of 6.5p, against 6.2p.

"During a year in which the dominant feature of our trading environment has been a further erosion in the prices on the metals which we handle the group has been able to carry out an extensive programme of expansion and investment. Sales and profits seen in this context confirm my belief in the quality of the group," he said.

The pre-tax figure was struck after interest costs approximately doubled to £1.6m. The tax charge was £2.14m (£2.41m) and minority costs £251,000 (£164,000).

There was an extraordinary credit of £373,000 (£1.91m) being deferred consideration for Century Aluminium less a loss incurred on an investment in related company. The directors said that a significant programme of acquisitions

had been completed which together with the continuing development of existing operations should expand the group greatly. Important steps had also been taken to develop the value added areas of the business.

Three acquisitions had enabled Amari to become market leader in the distribution and processing of stainless steel plate.

comment

Amari takes a more or less fixed margin on the metals it supplies, so the sharp fall in prices in 1986 and a further deterioration last year have impacted directly on its pre-tax result. The other main factor has been the cost of acquiring related businesses whose debts have been consolidated into the group's balance sheet and taken the figure up to nearly 50 per cent of shareholders' funds. Amari's strategy is to move out of the more cyclical commodity and of the distribution business into higher value added products such as stainless steel, tube, nickel alloys and industrial products, especially in the US. One day the strategy may bear fruit, but it will not be this year: in the short term, shareholders can probably expect little more than 25p a share and 18p of virtually static earnings after the rights dilution. With the shares down 5p at 142p, both the 6.5 per cent prospective yield and longer-term optimism seem to have been discounted in the current year multiple of nearly 13.

British Syphon recovers 33% after midway fall

British Syphon Industries, the industrial holding company, produced pre-tax profits of 33 per cent above at £2.66m for 1986 and a 33 per cent increase in the dividend on the enlarged share capital after the acquisition of Marshall's Universal last May.

Syphon's interim profits to June last year took a £398,000 tumble to £308,000 after high interest charges and difficulties in the paper manufacturing division. In October it sold its drinks dispensing division to DMI, the metals and engineering group.

Turnover for 1986, which included seven months' trading for Marshall's, rose 44 per cent from a restated £75.5m to £110.12m.

Mr Bryan Mortall, chairman, said the continuing reorganisation of the group's paper manufacturing activities was beginning to produce results. Tax took £642,000 (£239,000) and minorities £3,000 (£30,000). Earnings per share fell from 9.2p to 8p, reflecting the issue of shares for Marshall's.

Directors have recommended a final dividend of 3.35p (1.75p), making 4p for the year against 1985's figure of 3p.

comment

British Syphon has undergone major changes in the past year. It has sold its Coldflow and Vending Centre for £9m, increased its paper making capacity from 60,000 to 100,000 tonnes a year and is now concentrating on specialist papers. Yesterday's 33 per cent pre-tax profit rise shows that this restructuring has begun to pay off. Pre-tax profits of up to £5m are forecast for this year which, at yesterday's close down 5p at 127p, gives a prospective p/e of about 11. This looks unduly pessimistic given the scope for cutting costs and increasing turnover following the acquisition of Marshall's in May, and the East Lancashire Paper Group in 1985. The group has a strong management team. There is potential for growth in all manufacturing activities and its exports could be the icing on the cake. Gearing has fallen from 116 per cent to 70 per cent but the group says it will not be making further acquisitions in the next six months, giving it, and the market, time to fully digest the changes that have been made.

BOARD MEETINGS

TODAY	FUTURE DATES
Interim—AB Electronic Products, C. H. Beazer, Macmillan, Portland Holdings, Rosedale, Sunz, Christian, Combined, Endell, Gores, Dator, Evans Halsey, Gaskell Broadbent, Gess, Goal Petroleum, Grampian Holdings, Jove Investments, London and Edinburgh Trust, London, M&P Computers, M&P Holdings, N. & J. Quick, Scottish Heritage Trust, Senior Engineering, Telfos, Turf Corporation, Wilson (Connolly), Worcester Group.	Interim—Kent (John), Portland Holdings, Rosedale, Sunz, Christian, Combined, Endell, Gores, Dator, Evans Halsey, Gaskell Broadbent, Gess, Goal Petroleum, Grampian Holdings, Jove Investments, London and Edinburgh Trust, London, M&P Computers, M&P Holdings, N. & J. Quick, Scottish Heritage Trust, Senior Engineering, Telfos, Turf Corporation, Wilson (Connolly), Worcester Group.

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Investment Advisers: Strauss, Turnbull & Co. Limited

Half-year ending 25th February 1987

Interim dividend 15p
Assets per share \$12.22 +20.2% Since 27.8.86
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GRANVILLE SPONSORED SECURITIES

High Low	Company	Price Change	div. (%)	P/E
181 118	Aas. Brt. Ind. Ordinary	167d - 3	7.3	4.9
183 121	Aas. Brt. Ind. Ordinary	167d - 3	7.3	4.9
40 28	Armstrong and Rhodes	38	4.2	11.1
80 84	BBS Design Group (USM)	75	1.4	1.9
222 268	Brown Hill Group	220	4.3	3.8
113 55	Bry Technology	113	4.8	2.1
738 76	CCL Group Ordinary	133	2.6	2.2
107 88	CCL Group 11pc Conv. Pt.	100	18.7	16.7
271 116	Carbonium Ordinary	267	9.1	3.4
84 90	Carbonium 7.5pc Pt.	82	10.7	11.4
126 76	George Blair	92	3.1	4.1
118 67	Ind. Precision Castings	116	8.7	8.8
176 119	Iris Group	121	18.3	—
124 101	Jackson Group	124	17.0	10.4
377 280	James Burrough	376	6.1	4.9
100 89	James Burrough Sp. Pt.	92	12.9	14.5
1,028 242	Matheson NV (AmstSE)	885 - 10	—	—
380 260	Record Ridgeway Ordinary	261	14.1	16.4
700 83	Record Ridgeway 10pc Pt.	83	—	—
91 67	Robert Jenkins	67	—	—
76 57	Scutrons	76	—	—
154 87	Tenday and Carlisle	154	5.7	3.7
340 321	Trevian Holdings	324	7.9	2.4
81 42	Unilock Holdings (SE)	85 - 3	5.0	3.8
129 85	Weller Alexander	130	5.0	3.8
200 150	W. S. Yates	188	17.4	9.0
106 67	West York Ind. Hosp. (USM)	102	5.8	5.5

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ROCKWOOD HOLDINGS

1986 CORPORATE DEVELOPMENTS

- The change of name to Rockwood Holdings Plc on 30th July 1986 to reflect the intended broadening of the company's activities into the distribution, security and defence and financial services fields.
- The £30 million Rights Issue completed in August 1986 and the associated changes in management control and emphasis.
- The acquisition of Defence Systems Holdings Limited (DSL) in October 1986 as a first step towards achieving Rockwood's objectives for broadening its activities.

1986 FINANCIAL PERFORMANCE

- 1986 results include two months' contributions from DSL.
- Turnover up to £5.7 million (1985: £4.7 million)
- Pre-tax profits up to £0.154 million (1985: £0.001 million)
- Attributable profits up to £0.1 million (1985: nil)
- Earnings per share up to 1.3p (1985: nil)
- Net assets up to £1.8 million (1985: £0.8 million)

1987 OUTLOOK

- Proposed acquisition of Bond's Delivery Services Ltd. from Imperial Group for £3.75 million is further progress towards declared objectives
- DSL's 1987 order book at £1.55 million at 1st January 1987 (1986: £0.30 million)
- HS Electronics 1987 opening order book up 35% on 1986 at £1.2 million

FOR A COPY OF ROCKWOOD HOLDINGS REPORT AND ACCOUNTS
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Interest Period 31st March 1987
30th June 1987
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AUTHORISED UNIT TRUSTS

FT-A WORLD INDICES

Date	Index Value
Jan 1	880
Jan 15	950
Jan 30	940
Feb 1	960
Feb 15	1020
Feb 28	1070
Mar 1	1010
Mar 15	1050
Mar 31	1060

BASE LENDING RATES

ASN Bank	1%	● Charter Bank	3%	● Weyerhaeuser	2%
Ashe & Company	1%	● Citizens Bank	1%	● Weyerhaeuser Corp. Ltd.	1%
Ashland Bank	1%	● Citizens Savings	\$12.45	● W. H. of Vermont	1%
Atlas Bank & Co.	1%	● City Merchants Bank	1%	● National of Kansas	1%
Atlantic Irish Bank	1%	● Citizens Bank	1%	● New Westchester	1%
American Exp. Bk.	1%	● Comm. Bk. of East	1%	● Northern Bank Ltd.	1%
Avery Bank	1%	● Co-operative Credit	1%	● Norwich Ins. Trust	1%
Bank of America	1%	● Commercial Bank	1%	● P. W. F. of Ohio	1%
Bank of Boston	1%	● Cuyler & Parker Bk.	1%	● Provincial Trust Ltd.	12
Bank of Canada	1%	● D. & J. Lewis	1%	● R. Rydman & Sons	1%
Bank of Canada Corp.	1%	● E. T. Turner	12	● Roxbury V. Grantee	1%
Bank of India	1%	● Equatorial 1. Tel. Co. plc	1%	● Royal Bk of Scotland	1%
Bank of Montreal	1%	● Export Trust Ltd.	10p2	● Royal Trust Bank	1%
Bank of New York	1%	● F. & J. S. S.	1%	● Standard Bank	1%
Bank of Otago	1%	● First Nat. Fin. Corp.	11p2	● Trustee Savings Bank	1%
Bank of Otago	1%	● First Nat. Sec. Ltd.	11p2	● Utl. Mortgage Co.	\$12.25
Bank of Ireland	1%	● Robert Fleming & Co.	1%	● United Bk. of Kansas	1%
Bank of India	1%	● Robert Fergus & P. S.	11p2	● United Mutual Bank	1%
Bank of Scotland	1%	● Grindley Bank	11p0	● Unity Trust PLC	1%
Bank of South Africa	1%	● Glasgow Mercantile Bank	1%	● United States Bank	9p
Bank of Victoria	1%	● H. F. B. & Savings	1%	● Wharfedale Ltd.	1%
Bank of Western Australia	1%	● Hamilton Bank	1%	● Yorkshire Bank	1%
Bank of Western Australia	11p2	● Heritable & Gen. Tst.	1%		
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Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 2nd class	10p2
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Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 90th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 91st class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 92nd class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 93rd class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 94th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 95th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 96th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 97th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 98th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 99th class	10p2
Bank of Western Australia	1%	● H. & Co. & Co.	1%	● 100th class	10p2

WÄRTSILA

The General Meeting will deal with the following matters:

- 1 **Matters to be dealt by the General Meeting according to Article 16 of the Articles of Association.**
- 2 **The Board of Directors' proposal amend the alien's clause in Article 5 of the Articles of Association.**
The purpose of the proposed amendment to make it possible to raise the proportion of so-called non-restricted shares from one-fifth of all shares as currently allowed by the Articles of Association to the maximum amount approved by the authorities from time to time.

3 A proposal to authorise the Board of Directors for a period of one year as of this General Meeting either:

a) to decide on raising share capital through new issue in one or more instalments by a maximum of FIM 180,000,000 by offering a maximum of 3,000,000 new restricted or non-restricted Series I shares or restricted or non-restricted Series II shares with a nominal value of FIM 60 for subscription at a price determined by the Board of Directors and with the subscription conditions decided by the Board of Directors; or

b) to decide on issuing convertible debt or debt with warrants attached in one or more instalments with the condition that holders have the right to exchange the debt either entirely or partly for shares in the Company or to subscribe to new shares and to decide on all conditions for the debts and related share subscription. The nominal value of shares which can be exchanged for debt or subscribed to on the basis of warrants may together total a maximum of FIM 180,000,000.

The proposal authorization could also include the stipulation that the Company could diverge from shareholders' pre-emptive rights.

Documents concerning financial statements and the Board of Directors' proposals for the decisions mentioned in points 2 and 3 can be viewed by shareholders during one week before the General Meeting at the Company's Office. The Company's annual report for 1987 will be available at 3 April 1987 in Helsinki at the Company's head office, John Saksankatu 25, and Arabia-Nuottajärvi shops, Pohjoisestplanad 25 and Mannerheimintie 20. At their request the annual report will also be sent to shareholders. *by mail.*

A shareholder who wishes to participate in the General Meeting of Shareholders must register no later than 4.00 pm on 9 April 1987, either in writing to Oy Wärtsilä Ab, P.O. Box 230, 00101 Helsinki, or by calling 7095 338. A letter of attorney on the basis of which a proxy can use the shareholder's votes at the General Meeting must be delivered to the Company before the end of the registration period.

Helsinki, 9 March 1987



Board of Directors

U.S.\$100,000,000 Guaranteed Retractable Notes due 1999
Unconditionally guaranteed by

CITICORP

Notice is hereby given that the new Rate of Interest on the subject N

has been fixed at 7.12% for the period April 15, 1987 to April 14, 1988.

the Notes will be US\$75.00 and in respect of US\$5,000 nominal

Notes will be US\$375.00.

Citibank, N.A. (C&SI Dept.), Agent Bank
March 27, 1987 London

April 27, 1987, London

105

الاجابة

1000

[illegible][illegible]

هكذا من الأصل

هكذا من الأصل

[illegible]

هكذا من الأهل

INDUSTRIALS—Continued

64	London	277	2	22.5	21	22.8
65	London	277	2	22.5	21	22.8
66	London	277	2	22.5	21	22.8
67	London	277	2	22.5	21	22.8
68	London	277	2	22.5	21	22.8
69	London	277	2	22.5	21	22.8
70	London	277	2	22.5	21	22.8
71	London	277	2	22.5	21	22.8
72	London	277	2	22.5	21	22.8
73	London	277	2	22.5	21	22.8
74	London	277	2	22.5	21	22.8
75	London	277	2	22.5	21	22.8
76	London	277	2	22.5	21	22.8
77	London	277	2	22.5	21	22.8
78	London	277	2	22.5	21	22.8
79	London	277	2	22.5	21	22.8
80	London	277	2	22.5	21	22.8
81	London	277	2	22.5	21	22.8
82	London	277	2	22.5	21	22.8
83	London	277	2	22.5	21	22.8
84	London	277	2	22.5	21	22.8
85	London	277	2	22.5	21	22.8
86	London	277	2	22.5	21	22.8
87	London	277	2	22.5	21	22.8
88	London	277	2	22.5	21	22.8
89	London	277	2	22.5	21	22.8
90	London	277	2	22.5	21	22.8
91	London	277	2	22.5	21	22.8
92	London	277	2	22.5	21	22.8
93	London	277	2	22.5	21	22.8
94	London	277	2	22.5	21	22.8
95	London	277	2	22.5	21	22.8
96	London	277	2	22.5	21	22.8
97	London	277	2	22.5	21	22.8
98	London	277	2	22.5	21	22.8
99	London	277	2	22.5	21	22.8
100	London	277	2	22.5	21	22.8

104	Wolfsberg Group Sp	145	+25	R3.2	3.8	3
14	Medical Research	98				

[illegible]

55 1/2	Do Linc Cnls '94-02	58 1/2	013%	-
57 1/2	Pearson	58 1/2	120	+
58 1/2	Park Holdings 3p	58 1/2	16.3	2.0
58 1/2	Pearlman	58 1/2	27	A
58 1/2	Pearson	58 1/2	27	A

[illegible]

689	Siehe	ELM7	1	113.48	3.7
23	Siehe Seite 10a	96	2	11.8	0.4
73	Siehe Group	83		5.5	1.8
22	Siehe	270	1		0.8

270	22	Silvertown 10p	96	-2	11.8	0.4	15
177	112	55Circular (Wm.)	265	-	115.13	4.0	27 13.0
308		Shelchey	467	-7	71.90	1.5	25 16.4
175	95	Smiths Nepl 10p	189	-	2.8	0	25 0
371	155	Smiths Blk Room	544	-17	62.85	2.8	28
161	225	Smiths Inds 25p	318	-	5.5	2.7	24 20.6
88	32	Sonic	75	-	2.0	1.7	3.8 21.2
90	36	Souacret	45	-	-	-	-
255	113	Southern Bus Grp 10p	233	-	65.3	3.3	21 15.4
290	195	Sprayer 10p	275	-5	50.0	2.7	15 9.5

74	48	4 Splash Products 10p	65		13.27	0
29	14	Spong Hidge Sp	27 1/2	-1 1/2	120.4	11.0
81	160	Spring Raza 10p	374	-7	1.0	0
20	80	Star Furniture	116		5.5	0

[illegible]

120	78	Unigroup 15p	92	1.1	5.3
£26	£13	Unilever	£25	51.16	♦
£105	£56	Un's NV FT12	£105	076.6%	♦
92	65	Railstock 20p	86	1.98	2.8

[illegible]

هكذا من الأهل

MINES—Continued[illegible]

Time 150

[illegible]

Analyst Comm. 5p	48	+1	
Fortna Beach 10p	62	-1	
Education Department	148	+5	

[illegible]

male stays unchanged until maturity of sperm
are based on prospects or other offer

a Dividend rate paid or payable on basis of capital, cover based on dividend rate
b Dividend rate paid or payable on basis of yield of stock. A Dividend based on yield is determined by dividing the dividend rate by the yield of the stock.
c Known as intrinsic higher than previous rates, a Rights issue involving a company's own shares.
d Carries taken into consideration (eg, a Dividend income includes a capital gain or loss).
e Dividend rate based on previous year's dividend, or estimated annual dividend rate.
f Dividend cover or dividend yield.
g Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
h Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
i Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
j Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
k Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
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m Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
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x Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
y Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.
z Dividend cover or dividend yield based on the dividend rate divided by the yield of the stock.

ONAL & IRISH STE

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.				
Alcatel Inc Zbs	75	CPI 19% Yr02	EIRPA	+1
Alcatel Telecom SA	638	Amstar	562	+10
Atlas Pkgs SA	95	CPI Hinge	331	+1
B&W	2	Cardinal Ind	11	
Bell Canada	95	Hartl (R. & H.)	118	+
Bell Steel Int'l	95	Irish Republic	375	
Plant 11% 1/88	1225H	Irish Repub	375	
Sun. 9% 5/84/89	839P	United Under	272	-6

TRADITIONAL OPTIONS

3-month call rates

Alltel-Lynx	28	NEI	8
Aurocar	16	Nas Waga Kc	85
B&W	16	P & O Dm	100
B&W Corp	62	Plessey	20
BSR	12	Poly Pack	20
BSR	12	Racal Elec	20
Babcock	19	RYM	37
Barclays	19	Rank Grp Ord	20
Beecham	19	Reed Int'l	20
Blue Circle	62	STC	25
Bonds	42	Sevens	25
Bousteads	37	T1	55
Brit Aerospacel	55	TSB	55
Brit Telecom	16	Tesco	20
Burton Ord	23	Thorn EMU	50
Cadbury	22	Tower Hosi	20
Cashel Cons	37	Turner Newall	20
Comm Union	37	Unilever S	150
Courtaulds	35	Vickers	55
CRUC	35	Wellcome	55
Ferr Accident	30	Property	30
GEC	110	Brit Land	17
Glen	30	Lend Securities	35
Grand Met	30	MEPC	30
GUS UK	30	Peachey	30
Superbak	85		
GHON	38	BBS	30
Hammes Titl	35	BOM	30
Hawker Sid	50	Brit Petroleum	24
IChI	30	Burnhill Oil	30
Inco	52	Charterhall	30
Lafayette	40	Premier	4
Lepel & Can	25	Shen	3
Lloyds Bank	25	Transat	17
Lloyds Bank	25	Ultranair	17
Milac Inds	18	Mitases	30
Maris & Spencer	20	Cons Gold	65
Midland	55	London	65
Morgan Grenfell	35	Ria T Zinc	65

A selection of Options traded is given on the

LONDON STOCK EXCHANGE

Shakeout in equities and Gilt-edged as global markets and the dollar fall

Account Dealing Dates
Option
First Declared Last Day
Dealing Date Last Day

Mar 23 Apr 2 Apr 3 Apr 13
Apr 6 Apr 23 Apr 24 May 5
Apr 27 May 7 May 18 May 28
New time dealings may take place
from 9.00 am two business days earlier.

THE London securities markets suffered a large-scale shakeout yesterday in the wake of the heavy setbacks in New York and Tokyo. The equity market recorded its largest daily fall in index points in terms of weakness in the dollar, and a heavy opening fall on Wall Street brought widespread losses in share prices in London. British Government bonds, unsettled by the fall in the key Yen dollar rate and by the slide in New York bond prices, closed with losses of more than a point. Selling of equities was not heavy—the big investment institutions largely stayed out of the market. But the currency worries, already reflected in Friday's losses in the US and Japanese stock markets, caught London at a nervous time.

This week brings the end of a market trading account which spans the fiscal year end, and is expected to prompt significant selling by private investors who have substantial profits on their investment portfolios. Shares fell heavily from the opening, with Glaxo, Imperial Chemical Industries and Beecham setting the pace for the multi-dollar fall. The FTSE 100 fell 15.7 points to 2,046.2, down from 2,061.9 the previous day. The market then steadied, with Wall Street, to show a final net loss of 46.1 to 2,052.5 on the FTSE 100.

At 1522.2, the FT ordinary index shed 38.4. The growing strains in world currency markets brought widespread losses in the UK exporting stocks. Pharmaceuticals, too, fell heavily as increasing political tensions over Japanese trade policies cast a cloud over prospects for an early renewal of Japanese demand for UK equities.

Currency worries were also seen again in the gold share markets, where prices continued to move to fresh 1986-87 peaks. Government bonds were also badly shaken by the fall in the dollar, which raised some concern that US interest rates might have to rise. With hopes for another cut in UK bank base rates now postponed, and the City less sure of the prospects for an early election in the UK, buyers backed off from gilts, sending prices down by as much as 1½ by mid-afternoon. Speculative selling in the Life Gilt futures market undermined cash Treasuries.

But late dealings in London brought a modest rally in bond prices, on the back of some buying interest from the US. Long-dated issues steadied to show net losses of 1¼ points.

Also underlining the bond mar-

ket's steadiness in the closing minutes was the easier trend of the index-linked sector, which ended about ¾ of a point down—suggesting relative confidence in the outlook for inflation in the UK.

Clearing banks mirrored the overall depressed trend and revived world debt uncertainties. Lloyds dropped 13 to 454p and Midland cheapened 13 to 629p. NatWest came off offer and ended the session 18 down on bid at 240p. At 507p and Barclays also relinquished 12 to 497p. Elsewhere, Royal Bank of Scotland ran into nervous selling following a leading broker's adverse comments concerning the bank's exposure to Latin American debt and ended at 316p. Merchant banks drifted lower with Kleinwort Benson 15 easier at 560p.

Despite the TSB's categorical denial of a Sunday press suggestion that the bank was engaged in merger negotiations with Sun Life, the latter moved up ¼ to 110½ ahead of tomorrow's preliminary figures. TSB touched 88p before closing a fraction lower at 86p. Abbey Life softened 32 to 263p awaiting tomorrow's annual results—brokers' estimates range from 228p to 240p.

Prudential declined 15 to 882p and Legal and General shed 9 to 278p. Lloyds' broker Dewey Warren, a strong market since Miramax Group acquired a sizeable stake, retreated 17 to 203p following profit-taking after the disappointing annual figures.

Property investment group Barford staged an impressive debut in the Unlisted Securities Market: the shares opened with a premium of some 78p and closed at 160p, exactly double the opening price of 80p. Residential Security also made a bright USM debut, the shares registering a first-day premium of 40 at 180p compared with the placing price of 140p.

Relatively light selling and the absence of any buying power took a heavy toll on the Brewery leaders. Double-figure falls were widespread, and Guinness closed 15 easier at 317p while Allied-Lyons showed a sizeable loss at 388p, down 12. Bass, which announced the sale of its Pontin's Holiday UK interests for £57.5m, fell 15 to 912p. Scottish and Newcastle dipped 8 to 228p but distiller Macdonald Martin "A" encountered support and gained 22 to 980p.

Industrial leaders were the only leading Building issue to buck the dull trend and closed 7 higher at 818p, after 822p, following favourable Press comment and reports of a broker's circular. Annual profits at the top end of market estimates failed to sustain Rugby Portland Cement, which settled ¼ at 140p. Tarmac dipped 20 to 516p, while BPE Industries shot 11 to 700p and BAC lost 15 at 827p. Among Contracting and Construction issues, Costain encountered fresh selling and gave up 10 to 556p, while Taylor Woodrow fell

FINANCIAL TIMES STOCK INDICES									
	Mar. 30	Mar. 27	Mar. 26	Mar. 25	Mar. 24	Year	1986/87	Since Completion	
Government Secs	89.97	90.76	91.22	91.56	91.66	92.55	94.51	80.39	127.4
Fixed Interest	97.71	97.43	97.20	97.33	97.32	96.02	104.66	86.55	105.4
Ordinary	1,582.2	1,620.6	1,614.9	1,623.0	1,625.2	1,402.2	1,625.2	1,094.3	1,625.2
Gold Mines	438.2	432.8	428.2	412.4	396.6	279.9	438.2	185.7	734.7
Oil, Ind. Yield	3.71	3.63	3.65	3.64	3.63	3.87	3.71	3.63	3.65
Earnings Yld. (excl. Div.)	8.45	8.31	8.37	8.34	8.33	9.26	8.45	8.31	8.37
P/E Ratio (excl. Div.)	14.54	14.76	14.65	14.70	14.72	13.38	14.54	14.76	14.65
SEAQ Baragd (5 pm)	54,984	50,538	55,725	57,282	61,385	—	54,984	50,538	55,725
Equity Turnover (5 pm)	1,436.57	N/A	1,587.19	1,665.65	739.52	—	1,436.57	N/A	1,587.19
Equity Barge (5 pm)	63,824	N/A	71,495	70,209	26,768	—	63,824	N/A	71,495
Shares Traded (m)	537.0	N/A	683.0	633.7	284.9	—	537.0	N/A	683.0
Opening	1615.1	10 a.m.	1609.9	11 a.m.	1610.3	Noon	1602.6	2 p.m.	1591.2
Day's High	1617.3	10 a.m.	1617.3	11 a.m.	1617.3	Noon	1617.3	2 p.m.	1591.2
Day's Low	1615.1	10 a.m.	1609.9	11 a.m.	1610.3	Noon	1602.6	2 p.m.	1591.2
Bank 100 Gov. Secs 15/10/26, Fixed Int. 19/28, Gold Mines 12/25, SE Activity 1974, NRI-13.99.									

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

13 to 380p. Elsewhere, EBC responded to increased annual profits and a confident statement with a rise of 20 to 185p, but Glaxo lost 5 at 348p despite higher annual earnings. Press comment boosted Sandell Perkins 12 to 255p, and Reid Holdings 7 to 326p, while demand in a restricted market lifted Baid 32 to 133p.

ICI moved progressively lower to close ¼ down at £134. Superdrug, Britain's largest drug chain with 500 outlets, were oblivious of the surrounding malaise, soaring 7½ to 633p in response to the surprise and agreed share-exchange bid from Woolworth's, the latter, which recently broke off bid discussions with multiple retail chemist, Underwoods, but soon after announced an agreed offer for Charlie Browns Car Park Centres, fell 40 on the news to 700p. Share Drug, at 285p, and Lloyds Chemists, at 189p, rose 7 and 8 respectively in sympathy, while Tip Top Drycleaners were also excited by Woolworth's move and ended the session 20 to the good at 173p. Leading retailers, on the other hand, gave a dull performance. End financial year profit-taking and fading hopes of a further early reduction in clearing bank base lending rates prompted fairly heavy falls. Sainsbury's dropped 15 to 290p and Gussies "A" cheapened ¼ to £121, while Barmby Queensway gave up 8 at 203p. Debenhams lost 10 at 391p and Bata dropped 9 at 297p; the latter's interim results are scheduled for Thursday.

Plessey led the retreat of the leading Electricals, falling 13 to 238p. Reports of a broker's downgraded profits forecast, weakened comment on the way in which the company has been

seized out of the Japanese telecommunications industry left Cable and Wireless 12 lower at 382p, while GEC dropped 10 to 208p on confirmation that the Ministry of Defence and RAF are renegotiating the group's £500m Foxhunter air interceptor radar system contract for 2000. BICC gave up 6 at 340p and STC relinquished 6 to 253p, while British Telecom declined 5 at 252p.

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by the sharp early reaction on Wall Street, with Beecham reacting 25 to 550p and BOC 14 to 440p. Glaxo fell 15 to 214p and Boots gave up 15 to 273p. Hanson Trust, in contrast, held up reasonably well at 186p, after a volume of 8.1m shares. Elsewhere, Wellcome dropped 22 to 426p and London International fell 12 to 276p, while US favourite Reuters closed 24 off at 705p. UMO Holdings came off offer after the interim statement, which gave up 17 to 221p, but Reed Executive, reflecting the profits forecast in excess of 28m advanced 41 to 587p. Week-end newspaper motion prompted fresh demand for Mirror Group, which rose 15 to 701p. Norank, a particularly good market last week, eased to 224p on the announcement that talks are taking place with Spang which may lead to a merger of the two companies. Spang closed a penny lower at 28p. Penfold, a good market recently on the preliminary figures and proposed profit-taking and closed 35 lower at 720p. Gramplan Holdings, scheduled to reveal annual results today, improved 9 to 235p.

Sharply higher last week following the announcement that the company had started bid discussions, International Leisure Group lost 8 to 180p on the revelation that talks involved an IPO management group, the purpose of

which is to take the company private. Elsewhere in the Leisure sector, Campari firmed 3 to 184p on details of the return to profitability and £2.3m rights issue proposal.

Suggestions that Laca Industries could be overpriced brought a reaction of 9½ to 577p while currency influences choked off interest in Jaguar, down 19 at 579p. The agreed share exchange offer from Hawley left British Car Auction little changed at 234p but lowered Hawley 11 to 128p. Speculation continued to surround Western Motor issues. Thoughts that the intended purchasers could use the company as a vehicle for expansion lifted the shares well above the recommended offer price of 270p, the close being 25 higher at 310p.

Investors in Home Counties Newspapers, 17 up at 382p, were obviously looking ahead to the April 7 Paper/Printings generally followed the easier equity trend. BPOC fell 6 to 340p despite sharply increased profits and an outstanding start to the current year. USN, whose shares were volatile, traded higher, rising 14 to 100p and Michael Peters gaining 5 to 156p. Crowe T. losing 5 to 65p. Elsewhere, Osprey Communications jumped 10 to 211p on comment plus news of a possible acquisition.

Losses among the Property leaders were relatively modest. Land Securities settled 6 off at 403p and MEPC 7 cheaper at 388p. British Land came back 4 to 197p while Slough Estates shed 5 to 208p. The latter's good annual profits outweighed the slightly disappointing net asset value. Elsewhere, Agrest lost 15 to 120p following the agreed offer worth some £14.4m from Ransworth Trust. Press comment that Sheraton 4½ to 68p, after 70p, but profit-taking in the wake of the recent sharp rise left Shield 28 lower at 320p. London and Edinburgh rose 25 to 173p awaiting today's preliminary figures.

Pitted against a dull backdrop in the textile sector, S. Lyle rose 5 to 118p and G. & C. Kynoch gained to 255p. Sector leader Courtauld lost buoyancy to end 7 down at 45p, while J. S. Crowe, there despite a good weekend Press, closed 6 off at 218p.

British and Commonwealth suffered a relapse after last week's strength. News of the reorganisation

of part of the group's activities, including the formation of a new commercial and services company, encouraged some short-term holders to sell and price retreated 20 to 450p. Associate California Investments dipped 32 to 358p. Elsewhere, M.A.I. 51p, and Mercantile House, 348p gave ground but Argyle Trust rallied from a weak three-day spell to close 5 up at 173p. Parmare was in demand at 105p, a gain of 8 on Friday's closing level. The Oils were badly hit by the Wall Street slide but closed well above the day's lowest levels. British Gas dipped 2½ to 91p, BP 15 to 821p and Ultramar 10 to 231p. LASHMO, dropped 10 to 253p in front of today's preliminary figures, while Burnat, scheduled to announce tomorrow's results on April 9, fell 8 to 482p.

The recent upsurge in mining markets continued apace with South Africans, Australians and platinum all posting further strong gains.

The weak dollar and a sharp sell off in equity markets in London and the US triggered a fresh advance by precious metals. Bullions rose 57 to 942.75, its highest closing level since October 23 last year.

South African Golds moved ahead from the outset, with substantial overseas and London buying interest again uncovering widespread stock shortages. Sterling prices were restrained by the rise in the pound against the dollar but the Gold Mines index still managed a further gain of 5.4 to 438.2—a jump of almost 100 points over the past ten trading sessions. In the Gold Randfontein gained over 3 points to £90.4, while West-

ern Deep jumped 11½ to £38.4, Driefontein 7½ to £159 and Wink-

Consolidated touched 97½ early in the session before slipping back to close a net 19 up at 868p, helped by favourable Press comment, while Rio Tinto-Zinc, scheduled to announce preliminary results on April 9, jumped 16 more to 830p.

Record rises in gold shares in overnight Sydney and Melbourne markets prompted a scramble for Australian gold stocks in London.

In the leading group of gold producers, Central Newsman leapt 125 to 885p. Gold Mines of Kalgoorlie a similar amount to £13.4, Sons of Gwalia 82 to 575p and Poseidon 65 to 520p. North Kalgoorlie added 5 to 57p. "Down-under" diversified issues were lead higher by Western Mining, 22 up at 342p, Peke-Wallend 19 better at 310p and MINM, 9 firmer at 117p.

First Dealings March 13

Last Dealings April 11

Last Declaration July 9

For Settlement July 28

For rate indications see end of

Unit Trust Service

Stocks dealt in for the call

included Norfolk Capital

Hampton Trust, Atlantic

Resources, Johnson and

First, Blackmore, Property

Trust, Blackmore, Property

Trust, Blackmore, Property

Trust, Blackmore, Property

Trust, Blackmore, Property

Trust, Blackmore, Property

Trust, Blackmore, Property

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CANADA

Indices

OVER-THE-COUNTER *Nasdaq national market, 2:30pm prices*

NYSE COMPOSITE CLOSING PRICES

For morning delivery of the FT

Hand delivery to home or office is available in Atlanta, Boston, Chicago, Dallas, Detroit, Miami, Minneapolis, Houston, Los Angeles, New York, Philadelphia, Pittsburgh, Seattle, San Francisco, Washington, Montreal, Ottawa, Toronto, Vancouver. Please call for details between 9am-6pm New York Time.

FINANCIAL TIMES
Because we live in financial times.

Prices at 3pm, March 30

Continued on Page 51

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AMEX COMPOSITE CLOSING PRICES[illegible]

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
-------	-------	------	-----	------	------	-------	-------	------	-----	------	------	-------	-------	------	-----	------	------	-------	-------	------	-----	------	------

[illegible]

Continued on Page 49

Some figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and closing price are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s); b-annual rate of dividend plus stock dividend; c-liquidating dividend; d-called; e-new yearly issue; f-amount of dividend or paid in preceding 12 months; g-amount of dividend in Canadian branch, subject to 15% non-residence tax; h-dividend declared after split-up or stock dividend; i-dividend in current year, omitted, deferred, or no action taken at latest date; j-cash value of dividend declared or paid this year, an accumulative issue with dividends in arrears; k-new issue in the last 52 weeks; l-the high-low range begins with the start of trading; m-stock split or paid in preceding 12 months; n-trading; o-new issue; p-in preceding 12 months; q-stock dividend; r-dividend; s-dividends declared with date of split; t-also; u-also; v-dividend paid in stock in preceding 12 months; w-amount of cash value of stock dividend; x-also; y-dividend in new yearly (N); w-trading halt; w-bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies; w-distributed; w-when assumed, new-yearly; x-also dividend or split; y-also; z-also; yd-yield; z-zeros in full.

Continued on Page 49

AMERICA

WALL STREET

Drug stocks suffered in yesterday's currency-related downdraft even though they had benefited in recent months from a falling dollar which should boost their exports. Merck fell 4% to \$154, Squibb lost 3% to \$145, Upjohn gave up 4% to \$118. Eli Lilly dropped 2% to \$82.

CANADA

Montreal declined, but Vancouver prices firmed slightly.

**By Anatole Kaletsky
in New York**

Of the 8.5m shares to be made available to employees, 5m will be issued to 290 Shearson Lehman executives in exchange for cancellation of their rights under the present Shearson profit sharing programme, which is linked to the value of American Express stock.

Montreal declined, but Vancouver prices firmed slightly.

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ASIA

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s that in output.

10

Nikkei in second biggest daily fall

from increased foreign selling, while JVC shed Y170 to Y1,890. Hitachi lost Y65 to Y885 and Matsushita Electrical Industrial Y60 to Y1,440.

The yen's rise temporarily strengthened bond investors' expectations of a further cut in Japan's official discount rate, but bank and securities house dealers later grew cautious of the future trend of bond

added A\$1.50 to A\$29. Kidston's A\$8.50 was 70 cents stronger. BHP Gold Mines rights were actively traded with 8.4m changing hands and closing 7 cents higher at A\$1.33.

SOUTH

AFRICA

Free State Consolidated Gold Mines was 75 cents up at R53.25. Mining house stocks also firmed, with Anglo American 50 cents firm- close at 1,738. Barlow Rand edged 15 cents higher to R22.15. Sasol, the oil-from-coal producer, added 10 cents to close at R10.60.

Weak dollar spurs profit-taking

stock, lost DM 1 to DM 170 amid news it was to buy an indirect majority stake in car part maker Fichtel and Sachs. In the sector, MAN was DM 130 off at DM 173.30, and KHD lost DM 170 at DM 165.20.

Holding companies also weakened, Sofina by BFr 550 to BFr 13,850. Industrials also lost ground. Solvay was BFr 150 down at BFr 9,750, glassmaker St Roch BFr 19

Banks were weak, Cr dit Suisse losing SFr 80 to SFr 3,800, Bank Leu dropping SFr 75 to SFr 3,325 and Suisse Volksbank down SFr 15

Ericsson was the biggest faller among blue chips, losing SKr 10 to SKr 280 amid news that the Wallen-

Year	Assets (billion DM)
1982	700
1983	900
1984	1000
1985	1200
1986	1800
1987	1800

STOCK MARKET INDICES				
NEW YORK	Mar 30	Previous Year	(a)	
DJ Industrials	2,269.22	2,305.00	(b)	
DJ Transport	580.54	535.44	(c)	
DJ Utilities	212.52	217.07	(d)	
S&P Comp.	288.96	296.13	(e)	
LONDON FT				
Ord. Ser 100	1,582.2	1,620.6	1,402.2	
A All-share	2,002.80	2,048.00	1,898.80	
A All-Inv.	1,105.08	1,125.08	922.08	
Gold mints	1,118.76	1,145.18	903.13	
Gold mints	438.2	432.8	278.9	
A Long gilt	92.4	7.57	9.10	
TOKYO				
Nikkei	21,627.57	22,026.8	15,364.8	
Tokyo Ser	1,885.68	1,822.08	1,226.88	
AUSTRALIA				
All Ord.	1,711.5	1,690.9	(c)	
Metals & M.	524.0	574.2	(d)	
AUSTRALIA				
Crowd Aiken	200.46	200.33	(c)	
4.610.84	4,480.61		(c)	
CANADA				
Toronto	2,804.8	2,841.27	2,368.0	
Met. & Mins.	3,743.0	3,805.3	(c)	
Composites				
Wentworth	1,848.17	1,578.0	(c)	
PORTFOLIO				
DENMARK SE	169.74	200.98	(c)	
FRANCE				
CAC Gen Ind.	454.70	459.0	(c)	
Ind. Tendance	115.0	116.4	(c)	
WEST GERMANY				
FAZ-Aden	591.65	587.18	(c)	
Commerzbank	1,792.80	1,779.4	(c)	
HONG KONG				
Hang Seng	2,774.58	2,768.74	(c)	
ITALY				
Borsa Com.	711.49	715.58	712.1	
NETHERLANDS				
AMS CDS	280.30	280.4	(c)	
Gen Ind	254.10	253.7	(c)	
NORWAY				
Oslo SE	412.50	1,444.7	(c)	
SINGAPORE				
Straits Times	1,073.42	1,060.04	(c)	
SOUTH AFRICA JSE				
Gold	1,946.00			
Industrials	1,723.00			
SPAIN				
Madrid SE	229.02	227.31	(c)	
SWEDEN J & P				
	2,555.80	2,574.93	(c)	
SWITZERLAND				
Swiss Bank Ind	590.40	593.1	(c)	
WORLD				
Int. Cap. Int'l	441.50	437.5	(c)	
March 26				
COMMODITIES (London)				
	March 30	Pr		
Silver (spot)	\$87.00	\$71.		
Copper (cash)	\$351.40	\$351.40		
Coffee (July)	\$1,596.00	\$1,377.7		
Oil (Brent)	\$18.25	\$18.3		
GOLD (\$/oz)				
	March 30	Pr		
London	\$422.75	\$419.		
Zurich	\$422.25	\$417.		
Paris (Baring)	\$421.49	\$414.		
Lyons (Baring)	\$424.20	\$415.		
New York (Juna)	\$427.8	\$427.		

US\$
(Against the DM)

DM/\$

End of month figures

Year	DM/\$ (Approximate)
1982	2.40
1983	2.50
1984	2.80
1985	3.20
1986	2.20
1987	1.80

[illegible]

Frankfurt fell back in dull trade as investors awaited this week's flush of banking results with caution. The Commerzbank index, however, which is calculated at mid-session, failed to reflect the market's late softness and gained 13.4 at 1,792.3.

News that the dollar's fall had contributed to BASF's profits tumbling 13.6 per cent in 1980, pulled its stock down DM 8 to DM 206 and put pressure on other chemicals. Bayer lost DM 2.90 to DM 304.60 while Hoechst was DM 4.70 off at DM 272.50.

Last week's high-flying blue chips were badly hit. Daimler lost DM 15 to DM 1,003 while Deutsche Bank DM 6 to DM 671.

Mercedes cars took a beating back DM 1 to DM 516, but VW firmed by DM 2 to DM 353 despite reports that management knew a year ago about recently reported currency trading losses.

Mannesmann, the engineering stock, lost DM 1 to DM 170 amid news it was to buy an indirect majority stake in car part maker Fichtel & Sons. In the sector, MAN was DM 1.30 off to DM 113.30, and KHD lost DM 1.70 to DM 146.50.

Retailers Kaufhof and Kaufhof firmed by DM 1.70 to DM 422.30 and by DM 2 to DM 471, respectively.

Bouss eased amid profit-taking in moderate trade. The Bruckner

FT-SE 100 index lost 46.1 to 2,600, having recovered from a lull in London, equity markets, to a fact it belatedly was scaled only a fortnight ago. The FT Ordinary index was 32.4 lower at 1,568.2.

Major exporters were hit by concern over political tensions surrounding Japanese trade poli-

against sales of DM 61.5m on Friday.

Brussels was sharply lower as local traders continued to take profits. Insurers fared badly, with AG BFR 450 at BFR 5,550 and Royale Belge, despite news of a 47 per cent rise in profits for 1980, down BFR 5,550. Dealers said the fall reflected the fact the French insurer AXA, which holds 20 per cent of the Belgian group, had stopped buying Royale Belge stock.

Holding companies also weakened, Sofina by BFR 550 to BFR 13,850. Industrials also lost ground. Solvay was BFR 130 down at BFR 9,750, glassmaker St Roch BFR 19 down at 5,050 and metal processors Vieille Montagne and Metal Hobasaken lost BFR 310 to BFR 5,370 and BFR 170 to BFR 6,950, respectively.

Fairs also slipped back from last week's heights under the influence

Further selling is expected later in the week with the close of most trading account opening the end of the fiscal year. This is likely to prompt sales from private investors with profits on their portfolios.

British government bonds also weakened significantly, losing more than a point on the day. Gifts were particularly affected by the dollar's fall and the subsequent spike in the US interest rates. Details Page 46.

Dunelm was among the leading decliners, off FFs 1.01 at FFs 2.30. Lloyannis des Eaux slipped FFs 69 to FFs 1,721.

Avions Dassault, however, moved against the trend to add FFs 60 to FFs 1,320.

Zurich lost ground in most sectors as dealers worried about the

Among the filtering blue chips, chemical Sandoz bearer shares lost SFs 100 to SFs 14,400 while pharmaceutical Hoffmann-La Roche % fell SFs 125 to SFs 13,750.

Banks were weak, Crédit Suisse losing SFs 60 to SFs 3,800, Bank Leu dropping SFs 75 to SFs 3,325 and Suisse Volksbank down SFs 15 to SFs 2,135. Suisse Bank, however, added SFs 1 to SFs 470.

Insurers followed banks lower.

Amsterdam eased slightly, largely due to the dollar's weakness. Accordingly, prices of internationals

5310, in the wake of Friday's air-mass report of a 30 per cent drop in 1989 profits.

Milan was marginally lower due to profit-taking and concern over the impasse in the country's governmental crisis. Fiat mirrored the trend, shedding 180 to L12,620, while blue chips Montedison and Olivetti also down, by L15 at L2,830, and L110 at L12,950, respectively.

Eridania, the Ferruzzi group's sugar company, rose L16 to L4,750 in the wake of last week's news that 1988 earnings had almost doubled.

Spain BPD lost L12 to L4,199 despite having announced L17.99 per cent in pre-tax profits at the weekend.

Madrid firmed, led by advance among utilities and banks. Blue-chip Telefonica, however, shed % a percentage point to 188% per cent of nominal market value.

Stockholm closed lower on profit-taking and on a rumour, later denied by Finance Minister Mr Kjellberg, that the Government planned freezing dividends at last year's levels.

Ericsson was the biggest taller among blue chips, losing SKr 10 to SKr 266 amid news that the Wallenberg group had boosted its stake in the group from 28.9 to 37.5 per cent. Volvo was also SKr 10 lower at SKr 318.

Oslo eased slightly across the board. Norsk Data led falls, closing